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Analysis and Statistics

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in 2010

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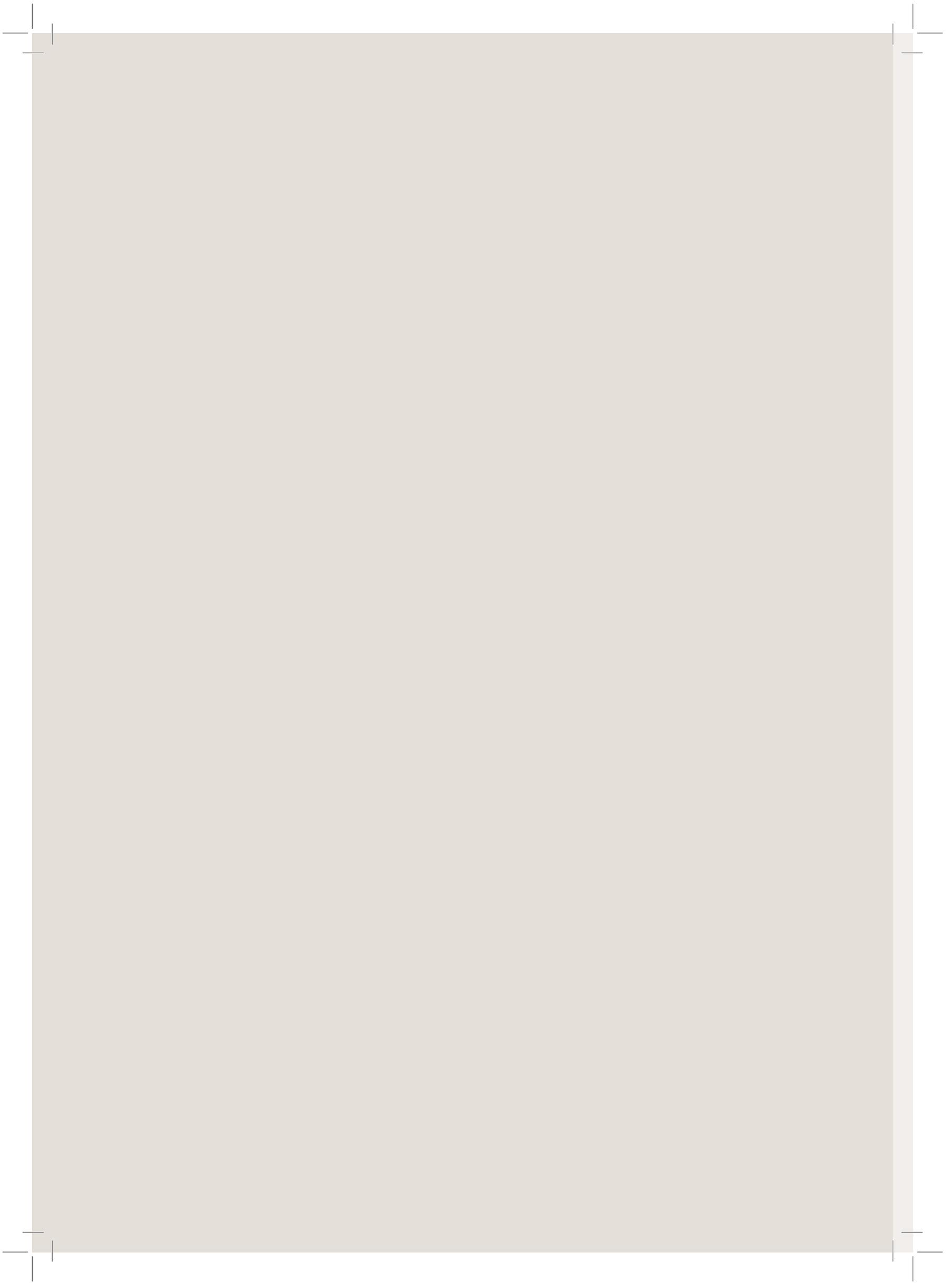
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**PAYMENT SYSTEM OF RUSSIA
IN 2010**



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Chapter 1. PAYMENT SERVICES PROVIDED
BY THE BANKING SYSTEM OF RUSSIA

In 2010, the development of the Russian payment system was characterised by further enhancement of its functionalities and the efficiency of payment transactions. This was conditioned by the modernisation of its infrastructure and improvement of the legal framework. These factors have contributed to the stable development of the Russian payment services market.

The technical infrastructure of organisations providing payment services continued to develop, resulting in further increase in financial services accessibility to the population. The banks have intensified their work to provide their customers with remote access for managing their accounts and conducting transactions through mobile phones and the internet, and to expand the functional capabilities of bank cards. Electronic money have continued to develop as well.

The Bank of Russia's activity was aimed at the development of the BRPS and the Transport system of electronic settlements, the improvement of the system of payment data processing and the arrangement of electronic interaction. The work continued to improve the legal regulation of the payment services market.

1.1. CASH MEANS OF PAYMENT

1.1.1. Cash

At the end of 2010, the value of cash in circulation outside banks (M0) in the Russian Federation reached 5.1 trillion rubles. In the context of the revival of economy and production activity, as well as the banking sector stabilisation, the demand for money has exceeded the previous year's level. The M2 money supply grew by 27.5% over the year. In the M2 structure the demand for cash has been recovering rapidly, which is attributable to the growth of the household real disposable income and the consumer activity. The M0 monetary aggregate has increased 4.0 times year on year (to 25.4%).

In 2010, the share of cash in money supply remained stable as a whole and stood at 25.3% at the end of 2010. The value of cash relative to GDP has also stabilised: there were 10 cash rubles per 100 rubles of GDP on average, as was the case in 2009. In per capita terms, the average value of cash in circulation outside banks grew by 16.2% to 31,800 rubles (more than \$1,000).

In the context of overcoming the consequences of the crisis in the economy and banking sector, cash has retained its significance as a payment and savings means for households due to the expanding possibilities for cash withdrawal with the development of ATM networks.



1.1.2. Banknotes and coin in circulation

At the end of 2010, the Bank of Russia banknotes and coin in circulation, including coins made of precious metals, totalled 5,792.5 billion rubles. Of these, banknotes had a total value of 5,756.4 billion rubles (6.3 billion sheets) and coins were valued at 36.1 billion rubles (47.8 billion pieces¹). Banknotes accounted for 99.4% and coin for 0.6% of the total value of cash, and for 11.7% and 88.3% of the total volume of cash, respectively.

The total value of the Bank of Russia banknotes and coin, including coins made of precious metals, increased by 1,162.6 billion rubles (by 25.1%), during 2010. Of these, the value of banknotes grew by 1,152.9 billion rubles and coin – by 9.7 billion rubles. The number of banknotes dropped by 0.01 billion sheets, while the number of coins increased by 4.0 billion pieces.

The growth in consumer prices (tariffs) for goods and services has led to changes in the banknote structure of cash in circulation. The share of 5,000-ruble notes in the total value increased to 49.7%. Meanwhile, the share of 1,000-ruble notes contracted to 39.3%, 500-ruble notes – to 8.5%, and 100-ruble notes – to 1.9%. The share of 50-, 10- and 5-ruble notes remained virtually unchanged since 2009.

In 2010, 10-ruble banknotes have been actively replaced by 10-ruble coins: the number of these notes in circulation fell by 34.6%, whereas the number of coins of the same denomination increased 2.5 times. The share of 5-ruble coins decreased to 25.3%, 2-ruble coins – to 12.2%, 1-ruble coins – to 14.9%, 50-kopeck coins – to 6.6% and 10-kopeck coins – to 5.4%. The aggregate share of small-denomination coins (1-kopeck and 5-kopeck) also fell as compared to 2009 and amounted to less than 1.0%.

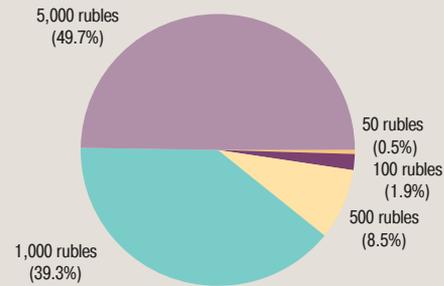
1.1.3. Cash turnover structure

In 2010, the value of cash turnover through the cash departments of the Bank of Russia branches and credit institutions (hereinafter referred to as banks) increased by 20.0% year on year and reached 54.8 trillion rubles. This included 11.1 trillion rubles worth of cash receipts and cash withdrawals through automated teller machines (ATMs) and payment terminals. Average daily cash turnover (including through ATMs and payment terminals) grew by 30.3 billion rubles in 2010 year on year and stood at 182.1 billion rubles. The increase in the total value of cash turnover resulted from the growth in household money income and in the aggregate demand for goods and services.

The total value of cash receipts in the banks' cash departments increased by 16.4% to 25.7 trillion rubles. As in 2009, more than a half of these resulted from the

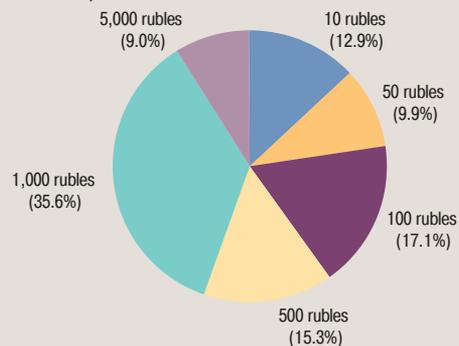
¹ Coins shown in pieces do not include coins made of precious metals.

Chart 1.2. The share of certain notes in the total value of banknotes, as of end of 2010*



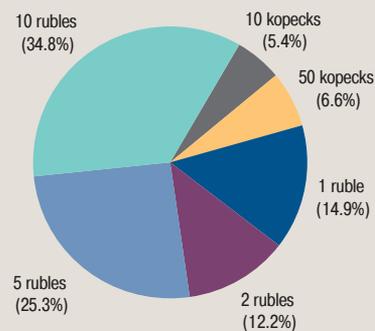
* 5- and 10-ruble notes accounted for less than 1% of the total value of banknotes.

Chart 1.3. The share of certain notes in the total number of banknotes, as of end of 2010*



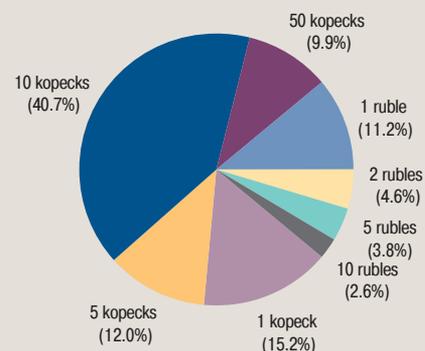
* 5-ruble notes accounted for less than 1% of the total number of banknotes.

Chart 1.4. The share of certain coins in the total value of coins, as of end of 2010*



* 1- and 5-kopeck coins accounted for less than 1% of the total value of coins.

Chart 1.5. The share of certain coins in the total number of coins, as of end of 2010



retail payments. The share of payments for services in the total retail cash payments increased to 11.4% and the share of real estate acquisitions grew to 1.3%. At the same time, the share of payments for consumer goods slightly dropped (to 35.3%) whereas the share of foreign exchange purchase contracted considerably (to 4.6%). In addition to retail cash payments, cash receipts to household savings and time deposit accounts made up for a significant part in the total value of cash receipts in the banks' cash departments (18.6%).

In 2010, the total value of cash withdrawals from the banks' cash department grew by 19.3% to 18 trillion rubles. Withdrawals from household savings and time deposit accounts, those related to wages, social benefits and students' grants, as well as withdrawals from household current accounts constituted the largest part of these funds.

Cash withdrawals by credit institutions to individuals resulted from cash foreign currency purchase from them contracted significantly (by 7.4%) in 2010 as compared with 2009. However, as credit institutions' receipts from the sale of foreign currency decreased even more dramatically (by 24.9%), the ratio between the receipts and withdrawals related to the currency exchange operations shifted towards an increase in the share of cash withdrawals: in 2010 each ruble received in cash from the sale of foreign currency corresponded to 0.83 rubles of cash withdrawn for foreign currency purchase from individuals. As a result, the total balance of cash receipts and withdrawals from banks' cash departments related to currency exchange operations in Russia decreased more than 2.5 times to 195.4 billion rubles.

As in 2009, the value of cash withdrawals and receipts related to securities trading decreased in 2010 (by 1.7% and 21.6%, respectively).

Individuals began to use ATMs and payment terminals more frequently for cash payments. The average daily cash turnover through these devices increased by one-third as compared with 2009 and reached 37 billion rubles: cash receipts grew 1.8 times while cash withdrawals increased 1.3 times. This resulted from the enhancement of the range of services offered through credit institutions' ATMs and payment terminals, including the acceptance of payments for housing and utility charges. On average, 78,300 rubles in cash passed through ATMs per inhabitant in 2010.

The value of cash received by payment agents and bank payment agents from individuals as payments for goods (works, services), including housing and utility charges, as well as payments addressed to state bodies, local self-governing bodies and non-profit institutions controlled by the government in compliance with the requirements of the Federal Law No. 103-FZ of June 3, 2009, "On Payment Agents' Activity Concerning Re-

Table 1.1. Major sources of cash receipts and purposes of cash withdrawals in 2010

Receipts	Value, trillion rubles	Share of total value, %	Growth rate, %	Withdrawals	Value, trillion rubles	Share of total value, %	Growth rate, %
Proceeds from sale of goods	9.1	35.3	14.8	Wage, social benefits and students' grants withdrawals	2,5	13,8	-12,3
Proceeds from provision of paid services (work performed)	2.9	11.4	24.4	Withdrawals for expenses unrelated to wage fund and social benefits	0,2	1,2	13,7
Receipts of taxes, duties, insurance payments, penalties, customs payments, individuals' self-taxation payments, contributions and insurance premiums	0.5	2.0	19.2	Withdrawals for purchase of agricultural products	0,1	0,6	3,4
Receipts from individuals for money remittances to other individuals	0.5	2.1	11.0	Money remittances received (without opening an account by the payee)	0,5	2,5	15,9
Loan receipts and credit repayments	1.1	4.3	3.4	Loans and credits extended	0,4	2,2	14,2
Proceeds from real estate transactions	0.3	1.3	32.5	Pension, allowance and insurance indemnity withdrawals	0,4	2,3	30,4
Receipts of funds to household savings and time deposit accounts	4.8	18.6	41.6	Withdrawals from household savings and time deposit accounts	6,6	36,7	33,5
Receipts from Federal Communications Agency organisations	0.3	1.3	-24.0	Payments to Federal Communications Agency organisations	2,2	12,1	40,9
Receipts of funds to individual unincorporated entrepreneurs' accounts	2.2	8.7	15.9	Withdrawals from individual unincorporated entrepreneurs' accounts	0,5	3,0	2,6
Proceeds from government and other securities and bills of exchange transactions	0.1	0.3	-11.4	Withdrawals for government and other securities and bills of exchange transactions	0,1	0,5	5,2
Receipts from gambling industry transactions	0.0	0.0	-88.6	Withdrawals for gambling industry transactions	0,0	0,0	-71,8
Receipts from payment card transactions	0.8	3.1	44.7	Withdrawals for payment card transactions	1,1	6,0	28,1
Proceeds from sale of cash foreign currency to individuals	1.2	4.6	-24.9	Withdrawals for purchase of cash foreign currency from individuals	1,0	5,4	-7,4
Receipts of funds to household accounts	1.4	5.5	27.1	Withdrawals from household accounts	1,2	6,5	63,0
Other receipts	0.5	1.8	-1.7	Withdrawals for other purposes	1,3	7,1	9,3

ception of Payments from Individuals” and the Federal Law No. 121-FZ of June 3, 2009, “On Amending Certain Laws of the Russian Federation as a Result of the Enactment of Federal Law No. 103-FZ” exceeded the 2009 level almost 3 times and reached 298.9 billion rubles.

1.2. PAYMENT INSTRUMENTS

1.2.1. General characteristics of non-cash payments effected through the banking system of Russia

Table 1.2. Structure of non-cash payments in Russian rubles and foreign currency effected through the banking system of Russia in 2010, by payment instrument

	Share by volume, %	Share by value, %	Average payment, thousands rubles
Credit transfers	54.3	97.6	159.1
Direct debits	2.8	0.4	11.5
Bank cards	22.3	0.4	1.8
Cheques	neg.	neg.	335.4
Other	20.5	1.5	6.7

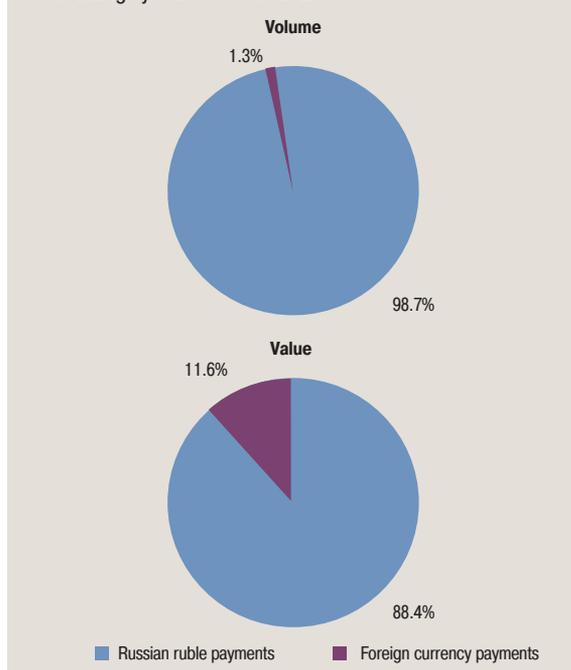
As the Russian economy was recovering from the consequences of the global financial and economic crisis, the banking system fully satisfied the requirements of businesses and households for payments. A total of 4.9 billion payments² worth 433.3 trillion rubles were effected through the banking system of Russia in 2010. On average 19.7 million payment transactions were carried out daily to the amount of 1.7 trillion rubles.

The volume of payments effected through the Russian banking system increased by almost one-third in 2010 as compared with 2009. The value of payments fell by 13.3% largely conditioned on the significant contraction in the value of foreign currency payments (2.4 times). The average amount of a foreign currency payment almost halved. As a result, the value of foreign currency payments declined considerably, from 23.8% in 2009 to 11.6% in 2010. The share of these payments in the total volume of payments amounted to 1.3%.

As in previous years, payments in Russian rubles accounted for the largest part of payments effected through the banking system of Russia. 19.4 million payments worth 1.5 trillion rubles were conducted daily. The value of payments equivalent to Russia's annual GDP turned over the Russian banking system every 29 days, with an average ruble payment effected through the banking system of Russia amounting 79,200 rubles.

Among the member states of the Committee on Payment and Settlement Systems of the Bank for International Settlements, Russia ranked among such countries as Belgium, the Netherlands and Australia by the ratio of the annual GDP turnover relative to the value of payments effected in the national currency by enterprises, organisations and households through the banking system.

Chart 1.6. Structure of payments effected through the banking system of Russia in 2010



Credit institutions' own payments and payments by their customers other than credit institutions accounted for over 96.4% of the total volume and 85.5% of the total value of payments effected through the banking system of Russia. As compared with 2009, the volume of these payments grew by 29.7% to 4.7 billion rubles while their value decreased by 16.1% to 370.4 trillion rubles. Credit institutions processed a daily of 18.9 million payment transactions worth 1.5 trillion rubles. Out of 100 payments handled by credit institutions, 43 were payments

² in Ruble and foreign currency payments (except financial market and loan repayment transactions) from the accounts of the Bank of Russia customers and credit institutions (individuals and legal entities other than credit institutions), including card payments, funds transfers made by individuals without opening a bank account; and credit institutions' own payments. Under the terminology of the Bank for International Settlements, these transactions are defined as "payments by non-banks".

by individuals, 30 were payments by credit institutions related to their financial and economic activity and 27 were payments by legal entities other than credit institutions. Payments by legal entities other than credit institutions accounted for the largest share (82.0%) in the total value of payments while credit institutions' own payments made up 15.6% and payments by individuals – 2.4%.

In 2010, the Bank of Russia customers other than credit institutions conducted 177 billion payment transactions worth 62.8 trillion rubles. Their volume and value grew by 6.5% and 7.7%, respectively, over the year. The Bank of Russia processed a daily average of 0.7 million such payments worth 0.3 trillion rubles. The share of payments by the Bank of Russia customers other than credit institutions in the total value of payments effected through the banking system of Russia increased to 14.5% while their share in the total volume of payments, on the contrary, slightly decreased, to 3.6%.

1.2.2. Credit transfers

More than a half of payments through the banking system of Russia were made by credit transfers, which accounted for 97.6% of the total value of payments. The average amount of a credit transfer declined considerably in 2010 as compared with 2009 (1.5 times) due to growth in the volume of credit transfers (by almost one-third) and the concurrent decrease in their value (by 13.6%).

Out of 100 credit transfers, 93 were credit institutions' own payments and payments by their customers, and 7 were payments by customers of the Bank of Russia other than credit institutions.

Credit institutions

In 2010, credit transfers³ effected by credit institutions amounted to 2.5 billion transactions worth 360.1 trillion rubles. The volume of these transactions increased by more than one-third in 2010 as compared with 2009 while their value decreased by 16.4%. This decrease was largely conditioned on a considerable fall in the value of credit transfers in the Central Federal District, which accounted for almost 66% of their total value.

Out of 100 credit transfers, 61 payments were made by individuals, 36 payments – by legal entities other than credit institutions and 3 payments – by credit institutions themselves. The share of payments made by legal entities other than credit institutions was observed to grow considerably in the total value of credit transfers: from 60.3% in 2009 to 83.5% in 2010. The share of credit institutions' own payments in the total value of credit transfers, on the contrary, declined almost by one-fourth to 14.1%.

³ Credit institutions' own payments and payments by their customers other than credit institutions.

Chart 1.7. Structure of payments effected through the banking system of Russia in 2010

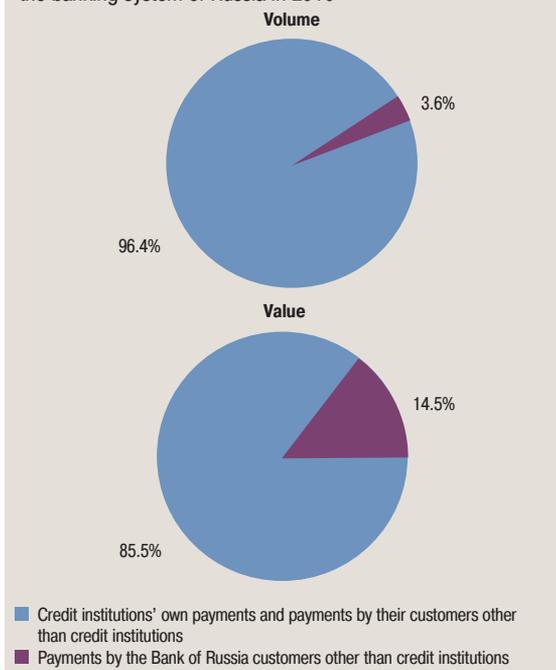
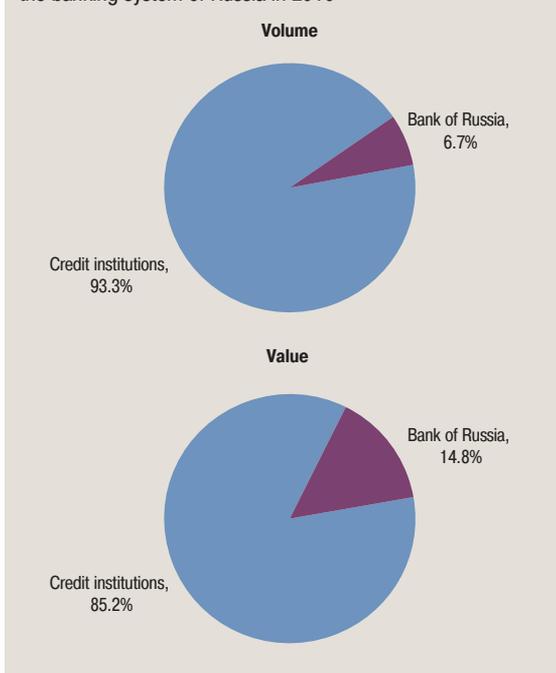


Chart 1.8. Structure of credit transfers effected through the banking system of Russia in 2010

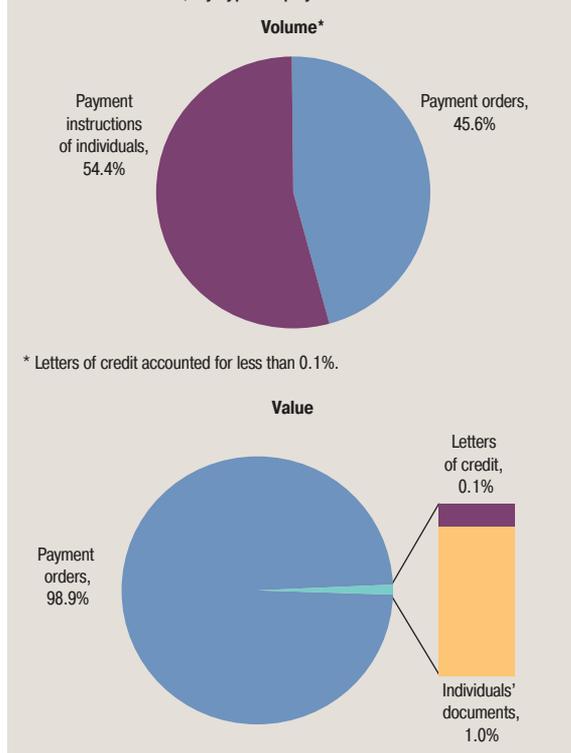


As in previous years, payments by payment orders accounted for a considerable share of credit transfers, making up 45.6% in volume and 98.9% in value. At the same time, their share in the total volume of credit transfers contracted noticeably in 2010 year on year due to the rapid growth in the volume of funds transfers made by individuals without opening a bank account. Payments made by payment orders accounted for almost 99% of the total value of credit transfers, with payments by legal entities other than credit institutions prevailing in the structure of these transactions (84.3%).

In 2010, in the structure of documents initiating credit transfers the payment instructions of individuals for funds transfers without opening a bank account prevailed in terms of the volume of such transactions, and payment orders - in terms of their value.

In 2010, individuals conducted 1.3 billion of funds transfers without opening a bank account to the amount of 3.5 trillion rubles, with the average transfer amount being 2,600 rubles. Household demand for this type of payment services increased considerably: their volume and value grew 1.6 and 1.3 times, respectively, as compared with 2009. In turn, this growth pushed up the share of these transactions both in the total volume of credit transfers (from 44.6% to 54.4%) and in their total value (from 0.6% to 1.0%). The demand by households for this type of services can also be evidenced by the fact that 9 out of 10 payments effected by individuals were money remittances without opening a bank account and these transactions accounted for 38.7% of the total value of payments by individuals.

Chart 1.9. Structure of credit transfers effected by credit institutions in 2010, by type of payment document



The concentration level in the field of credit institutions' services provision to individuals related to funds transfers without opening a bank account was observed to decline in 2010. Russia's five largest credit institutions accounted for 73.5% of the total volume of funds transfers without opening a bank account in 2010, or almost 10 percentage points less than in the previous year. Credit institutions in Moscow and the Moscow Region retained their dominant positions: they accounted for 33.9% of the total volume of money remittances. In terms of the value of such transfers, the ratio of payment services concentration in credit institutions slightly decreased and stood at 51.6%.

The lower concentration ratio demonstrated by banks concerning the provision of such a requested service as funds transfers without opening a bank account testifies to the positive trends toward the development of competition in the retail payment services market.

Transfers conducted without using money transfer systems accounted for more than 93% of the total volume and 75.8% of the total value of individuals' funds transfers without opening a bank account. In the structure of individuals' funds transfers without opening a bank

Standing payment orders

In modern conditions characterised by high competition in the Russian payment services market, the provision of a varied range of services to the customers is becoming increasingly significant for credit institutions. Standing orders for money transfers can be seen as one of the important products that banks can offer to cut their operating costs and raise the level of services provided to individuals and legal entities.

As envisaged by this bank service, a payer gives to the credit institution with which he holds a bank account, a written instruction for regular transfers (at a specified date during a certain period of time) of specified amounts to one or several bank accounts held with this or another credit institution. The credit institution periodically transfers the funds within the established period of time on the basis of a payment order drawn up by the credit institution on behalf of the payer (the account holder).

A survey conducted by the Bank of Russia among the country's largest credit institutions, offering to their customers to use standing orders for effecting payments, shows that this service is mostly popular with individuals. The large part of such payments are made from individuals' accounts that are designated for effecting payments by bank cards. Individuals can carry out a wide range of operations both in rubles and foreign currency, using standing payment orders. Most actively this service is used by individuals to transfer funds from their accounts in order to repay credits and loans. Besides, standing payment orders are widely used to transfer funds to the legal entities' accounts to pay utility charges, for fixed-line and mobile phone airtime, internet and TV services, educational services, and also for making insurance payments and charitable contributions.

Among legal entities, payments made on the basis standing orders are less popular and are normally conducted by organisations that have a branch network on the territory of Russian Federation. More than a half of payments based on this service involve transfers between the accounts of various divisions of one legal entity and about one-fourth of such payments relates to transfers between the legal entity's own accounts, while the rest of these transactions refer to credits and loans repayment and other transfers.

Credit institutions highlight the following advantages of standing payment orders:

1) for the payer:

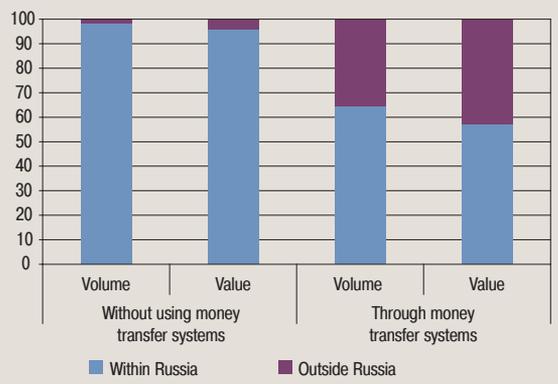
- time saving, as the payer is not required to visit a credit institution to fill in payment documents, which also helps to reduce risks associated with mistakes in bank details;
- this service normally costs less than other payment services;
- the customer receives notifications of debiting his/her account in a convenient form (at the customer's choice, this may be done via e-mail, SMS or account statements).

2) for the credit institution:

- reduction of costs for consumables;
- the credit institution's personnel save time, which they can use to perform other functions.

Most of surveyed credit institutions say that the popularity of the service for effecting payments based on standing payments orders has been growing both among individuals and legal entities since its introduction. Therefore, this service has the potential to spread further with the adequate development of credit institutions' hardware and software capacities.

Chart 1.10. Structure of individuals' transfers sent without opening a bank account in 2010, domestic and cross-border, %



account prevailed those sent within Russia (98.3% in terms of the volume and 96.0% in terms of the value of such transactions). More than one-third of funds transfers sent through money transfer systems involved cross-border transfers from Russia (35.4% in volume and 42.8% in value).

Most of the recipients of funds transfers were legal entities (first of all, organisations providing housing maintenance and utility services to households, and the state authorities). These payments accounted for 87.4% in volume and 62.9% in value. Funds transfers to individuals accounted for 12.6% and 37.1%, respectively. The average amount of a funds transfer to legal entities stood at 1,900 rubles or 4 times less than the average amount of a funds transfer to individuals.

The share of payments by letters of credit remained insignificant in the total volume and value of credit transfers, which testified to the low rate of their use in Russia. At the same time, these payments grew considerably in comparison with 2009: more than three times both in volume and in value.

The average amount of payment by letters of credit is considerably larger than by other types of credit transfers. In particular, it equalled 10.8 million rubles in 2010, many times exceeding the average payment by payment orders (34.4 times). A letter of credit is preferred for large-value payments because the risk level for such type of payments is quite low. In 2010, letters of credit were more frequently used by individuals for conducting payments. Out of 100 payments, 55 were made by individuals, 42 - by legal entities other than credit institutions and 3 were credit institutions' own payments. At the same time, payments by legal entities prevailed in the total value of payments by letters of credit (almost 94%).

Bank of Russia

Credit transfers effected in 2010 from the accounts of the Bank of Russia customers other than credit institutions grew by 6.5% in volume and by 7.7% in value as compared with 2009 and totalled 177.2 million transactions worth 62.8 trillion rubles. The average payment equalled 354,200 rubles. Virtually all the credit transfers were executed by payment orders. Letters of credit were rarely used by the Bank of Russia customers other than credit institutions (their share equalled less than 0.001% in the total volume and value of such transactions).

Federal districts

Credit transfers retained their dominant role in the structure of payments effected in federal districts in 2010. Their share in the total volume of payments of the credit institutions' customers other than credit institutions and credit institutions' own payments ranged from 38.7% in the Far Eastern Federal District to 62.2% in the Volga

Funds transfers made by individuals without opening a bank account

Individuals' funds transfer without opening a bank account means the transmission of funds made by a bank on the instruction of an individual (payer), who holds no bank account (bank deposit) with this bank or is unwilling to use it, to the account of a person specified by the payer and held with a particular bank. Transfers may also be effected in favour of individuals without the requirement for the payee to hold a bank account.

Funds transfers without opening a bank account require the implementation of a number of successive operations, from the acceptance of cash to crediting of the payee account (or to cash withdrawal). Individuals' funds transfers without opening a bank account are carried out in favour of legal entities or individuals and should not be related to entrepreneurial activity. Individuals normally effect funds transfers in favour of legal entities to pay for mobile phone, internet and TV services, as well as for electricity, housing and utility services, tax and penalty charges, etc., and also to repay loans extended to them by these legal entities.

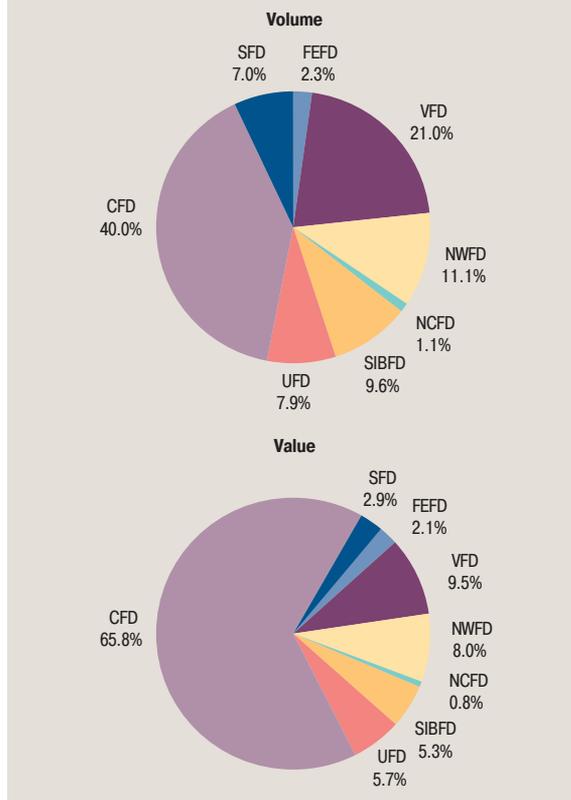
Credit institutions may carry out funds transfers: on the basis of correspondent relations established between them; using money transfer systems; within one branch/or between branches of a credit institution through inter-branch settlement accounts.

Funds transfers conducted via program-technical facilities without the participation of credit institutions' staff (or via ATMs, payment terminals) become increasingly popular with credit institutions. The main advantage of this service is that it makes banking services more accessible for the population because program-technical facilities are generally installed in shops (including small outlets, as well as underground walkways, etc.), rather than in credit institutions' branches. This practice allows individuals to transfer funds in favour of service providers at a convenient time. The program-technical facilities are easy to use while modern information technologies ensure quick execution of payment transactions.

Russia's legal framework related to funds transfers by credit institutions on the instruction of individuals without opening a bank account (except for postal remittances) is based on the provisions of the article 5 of the Federal Law No. 395-1 of December 2, 1990, "On Banks and Banking Activity," which recognises such activity as a banking operation. The procedure and the terms of conducting individuals' funds transfers without opening a bank account are stipulated by the Bank of Russia Regulation No. 222-P of April 1, 2003, "On the Procedure for Non-Cash Payments Effected by Individuals in the Russian Federation."

Credit institutions effect funds transfers on individuals' instructions without opening a bank account based on the payment document submitted by individuals. The form of this document is established by credit institutions or payees. Along with bank details required for making a funds transfer, individuals' payment documents contain some additional details whose structure is determined in compliance with the requirements of the budget and tax legislation, as well as with the legislation on anti-money laundering and counter-terrorism financing. In order to simplify the procedure of filling in payment documents, the tax authorities and other recipients of income collected into the Russian Federation budget system provide individuals with the forms of payment documents containing the corresponding bank and other details.

Chart 1.11. Structure of credit transfers in 2010, by federal district

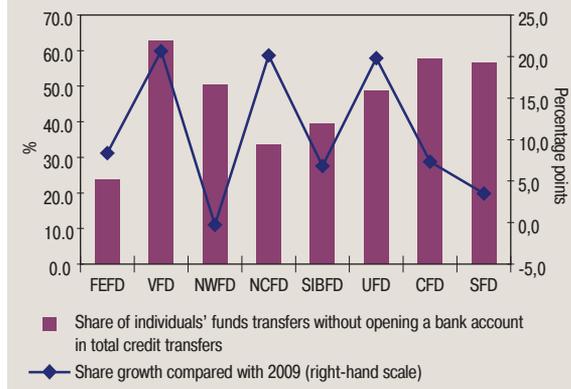


Federal District, while their share in the total value of such payments was over 95% in each federal district.

The volume of credit transfers was observed to grow in all the federal districts. This growth was the largest in the Volga and Urals Federal Districts (by 70% and 50%, respectively) and the smallest in the Far Eastern Federal District (by 7.7%). The growth was largely due to a considerable increase in the share of individuals' funds transfers without opening a bank account. In half of the federal districts, the rates of growth for these transfers exceeded the national average of 66.1%. The highest rates were registered in the North Caucasus and Volga Federal Districts where such payments increased by 230% and 160%, respectively.

At the same time, since individuals normally effect low-value transfers without opening a bank account, their share in the total value of credit transfers did not exceed 2.4%. The average amount of such transfers ranged from 1,600 rubles in the Volga Federal District to 10,900 rubles in the Far Eastern Federal District.

Chart 1.12. Individuals' funds transfers without opening a bank account in 2010 by federal district



In terms of value, payment orders prevailed in the structure of credit transfers in all the federal districts, accounting for over 96%. The share of such payments in the total volume of credit transfers varied from 37.2% in the Volga Federal District to 76.2% in the Far Eastern Federal District. As in previous years, the Central Federal District accounted for the largest share of payments by payment orders (37.1% in volume and 66.0% in value). The North Caucasus Federal District registered the smallest share of these payments, which made up 1.6% in volume and 0.7% in value.

The share of payments by letters of credit remained negligible in all the federal districts and equalled less than 0.1% both in volume and value. At the same time, as compared with 2009, these payments grew rapidly in volume in all the federal districts, except for the Volga Federal District. The highest growth rates were registered in the North Caucasus and Urals Federal Districts where the volume of such payments increased 10.9 and 8.9 times, respectively. As in previous years, the share of the Central Federal District prevailed in the total volume of payments by letters of credit (over 54%), registering an increase of 16.4 percentage points as compared with 2009. However, the share of credit institutions from the Central Federal District in the total value of such payments contracted 2.4 times to 31.2%. The largest value of payments by letters of credit in 2010 was handled by credit institutions located in the Urals Federal District.

Chart 1.13. Money transfers made by individuals without opening a bank account through money transfer systems



1.2.2.1. Money transfer systems operating in Russia

In 2010, a total of 80.6 million transfers worth 426.1 billion rubles were conducted by individuals without opening a bank account through money transfer systems in

Russia. The volume and the value of these payments grew by 18.7% and 16.4%, respectively⁴, over the year.

In terms of value, money transfers in favour of individuals held the largest share in the structure of remittances made by individuals through money transfer systems in Russia, while transfers in favour of legal entities dominated these remittances by volume. The average remittance in favour of individuals equalled 21,700 rubles while the average transfer to legal entities amounted to 500 rubles in 2010.

The infrastructure of money transfer systems expanded considerably since 2005: the number of customer service points increased almost 12 times to 85,000 outlets as of the end of 2010.

The largest number of customer service points offered by money transfer systems was registered in the Central and Volga Federal District while the smallest number was found in the Far Eastern Federal District.

The number of customer service points per 1 million inhabitants was the largest in the Urals and Far Eastern Federal Districts (862.9 and 819.1 points, respectively). In the Central Federal District, there were 663.1 customer service points per 1 million inhabitants. In all the other federal districts, this indicator was below the national average of 598.7 points.

Chart 1.14. Money transfer system infrastructure by federal district in 2010

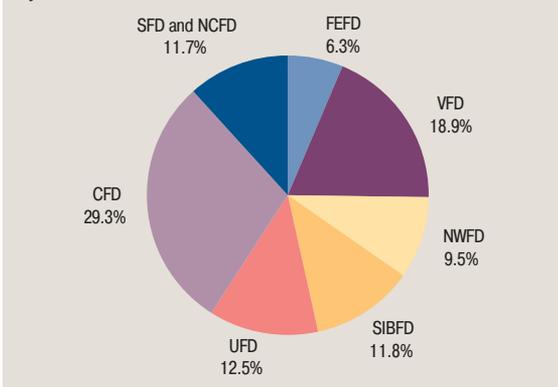
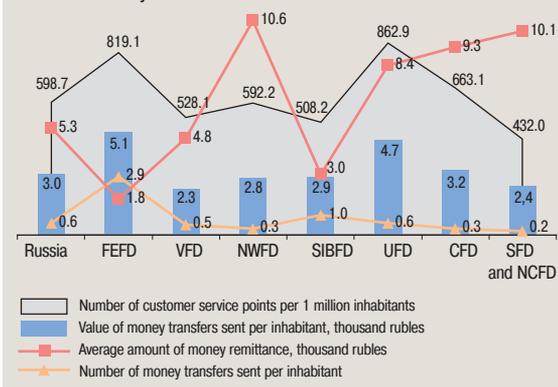


Chart 1.15. Development of Russian money transfer system infrastructure by federal district in 2010



Inset 3

Monitoring of money transfer systems by the Bank of Russia

In 2010, the Bank of Russia conducted monitoring of money transfer systems functioning in the Russian market in order to correlate the results of their activity with the standards of the international remittance services practice.

Those standards are based on the standards developed by the Committee on Payment and Settlement Systems of the Bank for International Settlements and the World Bank⁵ and comprise General Principles for International Remittance Services.

General Principle 1. The market for remittance services should be transparent and have adequate consumer protection.

General Principle 2. Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.

General Principle 3. Remittance services should be supported by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework in relevant jurisdictions.

General Principle 4. Competitive market conditions, including appropriate access to domestic payments infrastructures, should be fostered in the remittance industry.

General Principle 5. Remittance services should be supported by appropriate governance and risk management practices.

⁴ According to data provided by money transfer system operators.

⁵ General Principles for International Remittance Services // Payment and settlement systems: International experience / Bank of Russia. 2008. Issue 10.

The questionnaire materials included valuation criteria, which had been developed by the Bank of Russia, in order to obtain all the possible and comprehensive information from money transfer systems on their compliance with the General Principles for International Remittance Services. Those criteria helped the Bank of Russia to assess the implementation of abovementioned principles and take into account their substance and terms of their application in international practice.

The results of the monitoring held in the form of a questionnaire survey based on the self-assessment principle showed that the activity of the money transfer systems largely comply with the General Principles for International Remittance Services. At the same time, the conditions in which Russian money transfer systems are functioning and developing require adaptation of internationally recognised standards to the Russian practice and the elaboration of relevant guidelines (recommendations), which would help the domestic money transfer systems to implement the General Principles for Remittance Services.

In order to implement General Principle 1 for International Remittance Services, the Bank of Russia developed recommendations⁶ which are intended to improve the quality of remittance services by raising customers' (individuals') awareness of those services, their cost and the associated risks. The development of recommendations on implementation of the other four General Principles is a part of the Bank of Russia's plan aimed at the implementation of the Federal Law No. 161-FZ, of June 27, 2011, "On the National Payment System," which formulates the Bank of Russia's supervision and monitoring competences in the national payment system, including money transfer systems and their operators.

The Far Eastern and Urals Federal Districts registered the largest number of money transfers sent per inhabitant (5.1 and 4.7 payments, respectively). The lowest figure was registered in the Southern Federal District (2.4 payments).

1.2.2.2. Cross-border money remittances by individuals

The total value of cross-border money remittances sent by individuals⁷ reached \$41.5 billion in 2010, of which remittances from Russia totalled \$31.7 billion and remittances to Russia amounted to \$9.8 billion. As compared with 2009, cross-border money remittances both from Russia and to Russia were observed to grow in 2010. The rate of growth in the value of remittances from Russia exceeded the rate of growth in the value of remittances to Russia almost 4 times. As a result, the negative balance⁸ in cross-border money remittances by individuals widened from \$16.2 billion to \$21.9 billion.

The total value of individuals' cross-border money remittances, both from Russia and to Russia, increased by almost 20%. The value of remittances from Russia exceeded more than 3 times the value of remittances to Russia.

⁶ Bank of Russia Letter No. 85-T, of June 8, 2011, "On Recommendations for Credit Institutions Conducting Funds Transfers on Individuals' Instructions Without Opening a Bank Account Directed to Foreign Countries, Including Via Money Transfer Systems."

⁷ Cross-border money remittances in this survey mean cross-border non-cash transfers sent (received) by resident and non-resident individuals with or without opening an account with credit institutions, including remittances made through money transfer systems as well as the Russian Post.

⁸ Difference in value between cross-border money remittances made in favour of individuals in Russia and sent by individuals from Russia.

Table 1.3. Cross-border money remittances by individuals

	2008, USD billions	2009, USD billions	Growth, %	2010, USD billions	Growth, %
Money remittances sent to individuals in Russia, total	10.8	9.2	-14.8	9.8	6.5
from non-CIS countries	8.8	7.4	-15.9	7.9	6.8
from CIS countries	2.0	1.8	-10.0	1.9	5.6
Money remittances sent by individuals from Russia, total	41.1	25.4	-38.2	31.7	24.8
to non-CIS countries	27.1	15.8	-41.7	19.9	25.9
to CIS countries	14.0	9.6	-31.4	11.8	22.9
Balance	-30.3	-16.2	-46.5	-21.9	35.2
Non-CIS countries	-18.3	-8.4	-54.1	-12.0	42.9
CIS countries	-12.0	-7.8	-35.0	-9.9	26.9

Remittances sent by individuals from Russia

There were no significant changes in the structure of cross-border remittances in 2010 as compared with 2009. As before, the value of remittances from Russia considerably exceeded the value of receipts to Russia. Remittances from Russia accounted for 76.4% of the total value of money remittances, with most of these directed to non-CIS countries (62.7%). Individuals' money remittances sent from Russia to non-CIS countries through money transfer systems grew considerably in the period under review (1.8 times). At the same time, their share in the total value of remittances from Russia to non-CIS countries remained insignificant (8.8%).

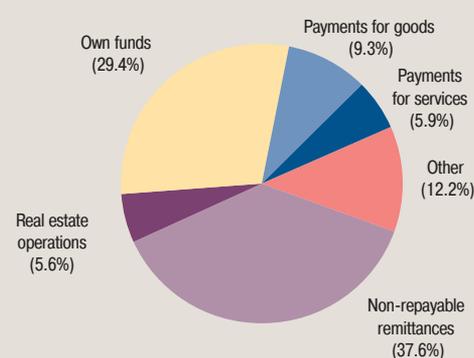
Remittances sent by individuals to member-countries of the Commonwealth of Independent States (CIS) accounted for 37.3% of the total value of money remittances from Russia. Transactions carried out through money transfer systems made up almost 94% of remittances to CIS countries. The average amount of money remittances equalled \$486, or half the average remittance value from Russia to non-CIS countries.

As before, China, Uzbekistan, Tajikistan, Ukraine, Switzerland and the United States remained the major recipients of individuals' money remittances from Russia. These countries accounted for 45.0% of all cross-border remittances from Russia.

Remittances made by resident individuals accounted for 60.0% of money remittances sent from Russia and their value increased by a third in 2010. As in previous years, residents' transactions were dominated by non-repayable remittances⁹ and remittances connected with the outflow of financial resources¹⁰ (37.6% and 29.4%, respectively).

⁹ Non-repayable remittances in this survey include grants, donations, compensations, scholarships, pensions, alimony, inheritance payments, gifts and all the remittances sent by resident individuals through money transfer systems.

¹⁰ The outflow of financial resources in this survey includes funds transfers from resident individuals' accounts held with authorised banks to the accounts of the same resident individuals' held with non-resident banks.

Chart 1.16. The structure of cross-border remittances sent by resident individuals from Russia in 2010

These types of transactions grew by over 30% in 2010 as compared with 2009. Payments for goods and services accounted for about 15% of the total value of cross-border money remittances from Russia. A total of \$1.8 billion was transferred for these purposes, which was 1.6 times more than in the previous year. Remittances connected with real estate operations grew by 17.6% to \$1.1 billion and accounted for 5.6% of the total value of money remittances from Russia.

The share of remittances sent by non-resident individuals in the total value of money remittances from Russia slightly decreased and stood at 40.0%, even though the value of such transactions increased in 2010 (by 1.8%) as compared with 2009.

Remittances sent to individuals in Russia

The value of cross-border remittances sent in favour of individuals in Russia grew by 6.2% in 2010, year on year, to \$9.8 billion. The value of remittances sent to non-resident individuals grew faster than the value of remittances in favour of resident individuals (16.2% as against 3.4%). As a result, the share of remittances directed to resident individuals decreased to 76.3% in the total value of cross-border remittances in favour of individuals in Russia.

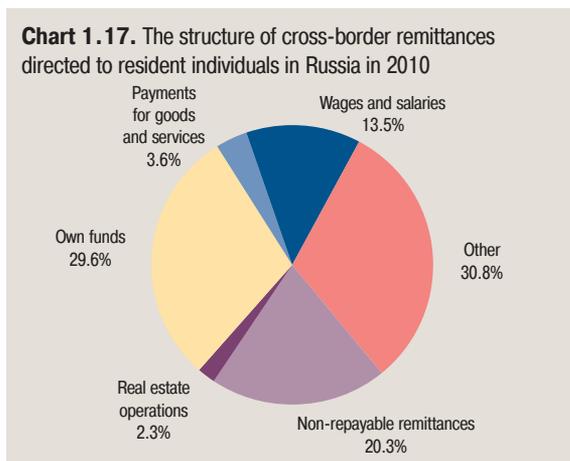
The top six remitter countries (Switzerland, the United States, Cyprus, Kazakhstan, Germany and the United Kingdom) accounted for almost half of all money remittances received by individuals in Russia.

Resident individuals transferred \$2.2 billion from their foreign bank accounts to their accounts with Russian banks (including the repatriation of their funds, previously taken out of Russia), which made up a third of all receipts by resident individuals.

Non-repayable remittances ranked second in the structure of cross-border remittances in favour of individuals residing in Russia. At the same time, as the value of these remittances contracted (by 9.3%), their share in the total value of remittances sent to Russia continued to decline and amounted to 20.3% in 2010.

Funds transferred from abroad to resident individuals' accounts with Russian banks to pay wages and salaries grew by 23.6% to \$1.0 billion, which accounted for 13.5% of the total value of cross-border remittances in favour of individuals residing in Russia.

As in previous years, funds received by resident individuals from the sale of goods and services, largely involving proceeds from the sale of personal property (antiques, cars and other goods) and payments for financial, legal, consulting and other services rendered by individuals, as well as the payment of royalties, accounted for an insignificant share in the total value of cross-border remittances sent to individuals residing in Russia (3.6%).



1.2.3. Direct debits

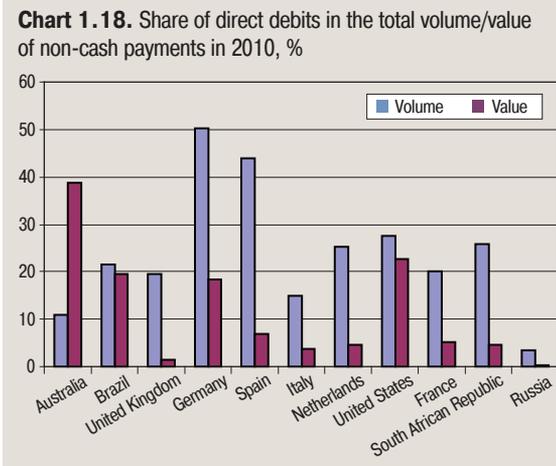
Today credit transfer is the most popular type of non-cash payments in Russia. However, it is not always effective, especially in case of regular payments (for example, payments for utilities, insurance premiums, membership/club fees, etc.). For these purposes, many countries widely use the direct debit while the technologies of effecting these payments and their regulation differ.

Direct debits are not used widely enough in Russia. In 2010 only three out of 100 payments were effected by direct debits. Their share in the total value of payments handled by the banking system of Russia stood at 0.4%. Virtually all payments by direct debits were credit institutions' own payments and payments by their customers other than credit institutions. The share of payments made by the Bank of Russia's customers other than credit institutions did not exceed several tenths of a percent in both volume and value.

Direct debits are most frequently used in such countries as Austria and Germany, which registered over 100 direct debit transactions per capita in 2010. This figure is slightly lower in the Netherlands (about 80 direct debit transactions per capita), and also in Spain, the United Kingdom and France (over 50). In some CIS countries (for example, Kazakhstan), direct debits are also actively used by settlement participants and are regulated by the country's legislation. In Russia, there was one direct debit payment per capita in 2010.

Credit institutions

A total of 137.3 million payments, worth 1.6 trillion rubles, were made in the form of direct debits in Russia in 2010. Of these, payments by legal entities other than



Inset 4

The use of direct debits in selected countries

The increasing international interest in direct debit¹¹ is explained by its advantages both for the payer (for example, the absence of the need to control maturity dates for payments, and also to fill in and submit payment documents to a bank) and for the payee (the freedom to choose the date of receiving a payment from the payer, which relieves the payee of the need to control the receipt of funds). This considerably simplifies the liquidity management because both the payer and the payee know the time and the amount of debits/credits to their accounts.

At the same time, the payment participants are driven by different needs: some companies (for example, telephone firms) make bulk collections of low-value payments, while others (for example, the suppliers of cars) collect large-value payments from a small number of customers. In the former case, payment efficiency is of primary importance, while in the latter case the priority is to ensure the payment finality. Therefore, two direct debit schemes are used.

B2C (business-to-consumer) is a basic scheme designated for regular (periodic) low-value debits to payers' accounts. This method only requires a preliminary agreement between the payer and the payee (a legal entity other than a bank). Subsequently, the payer's bank will debit the payer's account

¹¹ In accordance with the definition used by the Bank for International Settlements, "a direct debit is a preauthorised debit to the payer's bank account initiated by the payee."

automatically upon payee's request, without any special notification. The payer controls the funds flow through his account independently (for example, basing on the account statements).

B2B (business-to-business) is used to make debits on large-value transactions between legal entities. With the view of consumer rights protection, the B2B scheme cannot be used for collecting payments from individuals. As compared with the first method, the payer gives his bank a written permission to debit his account on demand from a specific payee.

The main difference between these two schemes is connected with the payment finality. The B2C scheme allows the payer to make a refund during a certain period of time after debiting, whereas the B2B scheme does not allow such a refund. In order to prevent unauthorised debits, the B2B scheme obliges the payer's bank to check the payer's permission for a debit. In cases when the B2C scheme is used, these checks are not mandatory because the payer always has the right to recall the payment.

In Germany, direct debit is the most popular payment instrument (it accounts for about 50% in the total volume of retail payments) as it allows quick and easy payments on a regular basis. This instrument is also suited for one-time payments. For example, a customer might just give the direct debit authorisation at the same time he/she orders goods or services from an organisation. Compared to payments by bank cards, which allow similar usage, bank fees for successful collections are much lower. In Germany, both schemes are used to make direct debit payments. The B2C scheme just requires the payer to authorize the payee to make the collection (in written form, orally, via e-mail or through a web interface set up by the payee). In this case, the payers may instruct their bank to return the funds to their account within at least six weeks unconditionally (for example, when the debited amount or the debit date is incorrect).

In Great Britain, direct debits account for about 20% of all retail payments. The payer must provide a mandate (in a paper-based form, orally, via telephone, internet or through other interactive services) to the payee to debit the payer's bank account. UK banks operate a direct debit guarantee. Therefore, if payers dispute an amount that has gone out of their account by direct debit, they can contact their bank and ask for an immediate refund. The bank is obliged to grant the payer's request unconditionally, and it is then the payee's responsibility to ask the payer for the money. Any direct debit mandate that has not been used to collect funds for over 13 months is automatically cancelled by the payer's bank. Direct debits cannot be collected on certain types of bank accounts (for example, credit card accounts).

In Spain, direct debits are the most significant payment instruments as they account for about 42% of all retail payments. Direct debits are largely used to make utility payments (for example, telephone, water and electricity bill payments), which make up 84% of all direct debit transactions. The payee draws up a direct debit mandate using a unified format, while the payer must give preliminary permission to debit his account. Direct debit procedures stipulate that the payer should be notified at least 14 calendar days in advance of a debit transaction to enable the cancelation of a possible erroneous transfer even before it takes place. Most direct debits are conducted through the national electronic clearing system (SNCE).

As part of the Single Euro Payments Area (SEPA) project, most EU member states are currently actively introducing the pan-European SEPA Direct Debit system intended to gradually replace national direct debit schemes and create a payment instrument that could be used both for domestic and international settlements in the 32 SEPA countries. In accordance with Directive 924/2009/EC of the European Parliament and of the Council, each bank operating in the euro area is required from November 1, 2010 to ensure international settlements using direct debits, in particular, the B2C scheme. SEPA Direct Debit fully complies with the requirements for consumer rights protection established by the Payment Services Directive 64/2007/EC of the European Parliament and of the Council. A mechanism of direct debit guarantees is stipulated to protect the payer's rights. This mechanism allows individuals to protest a debit made to their account within a term of up to eight weeks. In this case, the payee's bank is obliged to satisfy the payer's demand unconditionally and turn for a compensation to the payee as stipulated in their contractual relations. The direct debit mandate may be kept and checked both at the payee's and the payer's banks. This mandate is normally drawn up on paper and subsequently transformed by the bank into an electronic form. In some countries, electronic direct debit mandates (e-mandates) can be formed.

credit institutions accounted for 52.6% of their volume and 86.0% of their value, while payments by individuals made up 45.6% and 6.8% and credit institutions' own payments – 1.8% and 7.2%, respectively.

As compared with 2009, the value of direct debits contracted by 38.4%, while their volume stayed virtually unchanged. The value of payments by collection orders decreased 2.5 times and the value of payments by payment claims - 1.4 times. This trend changed the structure of payment documents used to effect direct debits. The share of payments by collection orders in the total value of direct debits fell by almost 10 percentage points to 17.8%, whereas the share of payments by payment claims increased to 82.2%. The structure of payment documents by volume changed insignificantly: collection orders accounted for 43.6%, while payment claims made up 56.4%.

Bank of Russia

There were 15,700 direct debits worth 4.8 billion rubles conducted by customers of the Bank of Russia other than credit institutions in 2010. Their share in the total volume and the value of payments by the Bank of Russia customers other than credit institutions amounted to less than 0.1%.

As compared with 2009, the value of direct debit payments conducted by the Bank of Russia customers other than credit institutions grew 4.5 times (this was largely conditioned on the increase in the average amount of payments based on payment claims, which rose from 42,000 to 436,300 rubles), whereas the volume of these payments decreased by 38.0%. As the value of payments by payment claims grew sharply (8.7 times), there was a contraction in the value of payments based on collection orders (by 37.2%). As a result, the structure of direct debit payments underwent certain changes. In particular, the share of payments by payment claims grew almost twofold and reached nearly 93% by value. In terms of volume, payment claims substantially prevailed over collection orders (65.6% as against 34.4%) in the structure of direct debit payments as compared with the previous year.

Federal districts

In all the federal districts, direct debits were insignificant in the structure of payments. Their share in the total payment volume¹² was low in each of the federal districts and ranged from 1.5% in the Volga Federal District to 6.3% in the Southern Federal District, while the share of direct debits in the total value of payments varied from 0.2% in the Central Federal District to 1.5% in the Siberian Federal District. The volume of direct debits was observed to decline in four federal districts, with the largest decrease being registered in the North-Western Federal District (by 42.3%). The Central Federal District

¹² Include credit institutions' own payments and payments by their customers other than credit institutions.

Chart 1.19. Direct debits effected by credit institutions in 2010, by type of payment document

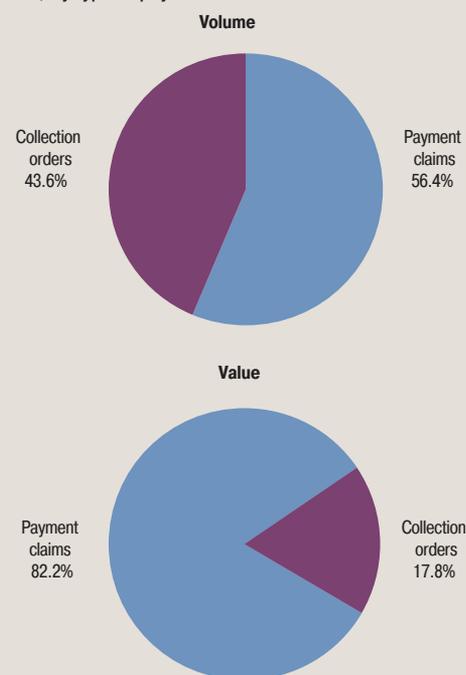


Chart 1.20. Direct debits effected by the Bank of Russia customers in 2010, by type of payment document

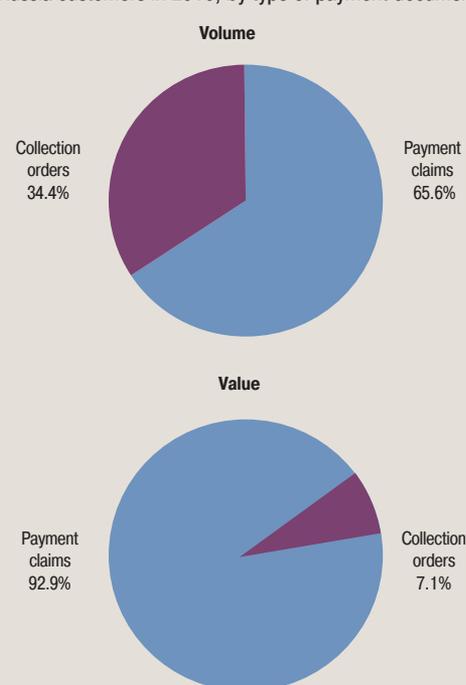
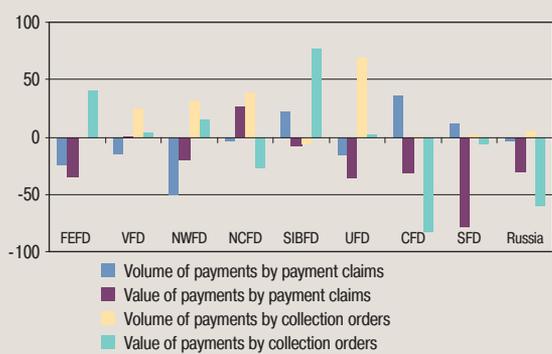


Chart 1.21. Payments by payment claims and collection orders by federal district, growth in 2010 as compared with 2009, %



accounted for about a half of direct debit payments; their aggregate value made up 38.7% of the total value of direct debits.

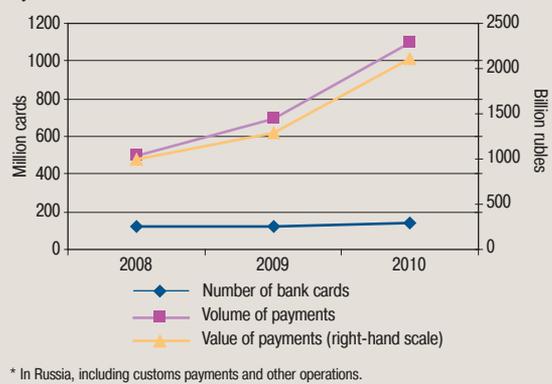
In all federal districts (except for the Central Federal District) payment claims were most frequently used to effect direct debit payments. Their share in the structure of payment documents varied from 66.5% in the Volga Federal District to 89.1% in the Southern Federal District, while their proportion in the total value of direct debits ranged from 50.5% in the Far Eastern Federal District to 88.1% in the Urals Federal District. The share of payments based on payment claims was 36.2% in volume and 85.2% in value in the Central Federal District. At the same time, many federal districts registered a considerable increase in payments by collection orders both in terms of volume (the largest was observed in the Urals Federal District where these payments grew 1.7 times) and in terms of value (the biggest increase was registered in the Siberian Federal District where these payments grew 1.8 times).

1.2.4. Bank cards

Bank cards have been increasingly used as a payment instrument in recent years in Russia as in other countries of the world. As of the beginning of 2011, 68.0% of all operating credit institutions in Russia issued bank cards and (or) provided acquiring services. They issued a total of 144.4 million bank cards in 2010, which exceeded the respective figure for 2009 by 14.6%. Payments by bank cards¹³ demonstrated high growth rates: they increased 1.5 times in volume and 1.6 times in value over the year. As many as 22 out of 100 payments handled by the Russian banking system were effected with the use of bank cards. At the same time, their share in the total value of non-cash payments remained insignificant and stood at 0.4% in 2010. This is largely explained by the fact that the infrastructure for accepting bank cards is still insufficiently developed, while the cardholders (most of whom are individuals) prefer making payments for goods and services usually in small amounts.

As in previous years, the customers of credit institutions preferred using debit cards: their number increased by 10.7% from the beginning of 2010 to 127.8 million cards as of January 1, 2011.

Chart 1.22. Volume of bank cards and payments* by bank cards



According to the survey conducted by the National Agency for Financial Studies (NAFI)¹⁴ in February 2011, bank cards in Russia are normally used to receive wages and salaries, pensions and students' grants. A total of 92% of bank cards are issued on the initiative of employers.

¹³ Include payments for goods and services, customs payments and other operations (here and below other operations involve funds transfers from one bank account to another, charity payments, etc.).

¹⁴ <http://nacfin.ru/novosti-i-analitika/press/press/single/10471.html>

As compared with 2009, when the number of credit cards was observed to decrease throughout the year, their number in 2010 grew by 16.8% to 10.0 million cards as of January 1, 2011, which represented 7.0% of the total number of bank cards issued. This growth was mainly attributed to the recovery of the retail credit market and the increasingly large number of credit institutions issuing bank cards under the provision of consumer loans.

Growth in the issuance of credit cards restarted in 2010 amid the recovery of the retail credit market.

The issuance of prepaid cards continued to demonstrate a high growth rate in 2010: their number more than tripled to reach 6.6 million cards. As a result, their share in the total volume of cards issued increased to 4.6%.

The share of active¹⁵ cards in the total volume of issued bank cards is one of the indicators that characterise the development of various segments of the bank card market. As in previous years, this figure remained low in 2010. This situation was typical of debit and credit cards. During the reporting year slightly over a half of the total volume of debit cards were used in at least one cash withdrawal and (or) payment transaction. As for credit cards, this figure was 30.2% as of January 1, 2011. The surveys carried out by the NAFI¹⁶ jointly with the Association of Regional Banks (ARB) of Russia in 2009-2010 showed that 34% of the respondents cited the limited (insufficient) number of card accepting shops and institutions among the factors that impeded the development of bank cards. A third of the respondents believed that it was more difficult to control expenses, if bank cards were used to pay for goods and services, with 27% of them citing such inconveniences as the need to spend extra time on payments or the need to keep bank cards safe. Some 16% of the respondents noted that goods and services were more expensive at the shops and outlets accepting payments by bank cards.

As compared with debit and credit cards, the number of active prepaid cards during the reporting quarter exceeded their number as of the end of the quarter because cards of this category are basically intended for one-time payments and cardholders use them virtually immediately after their receipt. This practice is conditioned by the specific character of prepaid cards: they are largely acquired to make payments for certain goods or services, have a fixed face-value not exceeding 5,000 rubles and normally are not loaded afterwards (i.e. they expire after the prepaid amount has been spent). In 2010, the number of active prepaid cards averaged 8.7 million per quarter, while their highest

¹⁵ Here and below, 'active cards' are those used in at least one operation related to cash withdrawal and (or) payment for goods and services, including customs payments, during the reporting period.

¹⁶ <http://nacfin.ru/novosti-i-analitika/press/press/single/10443.htm>

Chart 1.23. Growth in the value of credits extended to individuals and growth in the number of credit cards, %

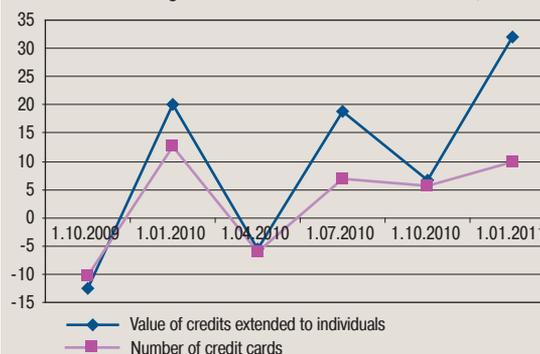


Chart 1.24. Growth in the number of bank cards (on the previous period) by type of card, %

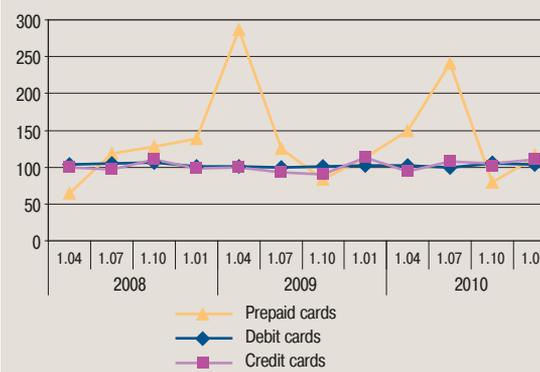
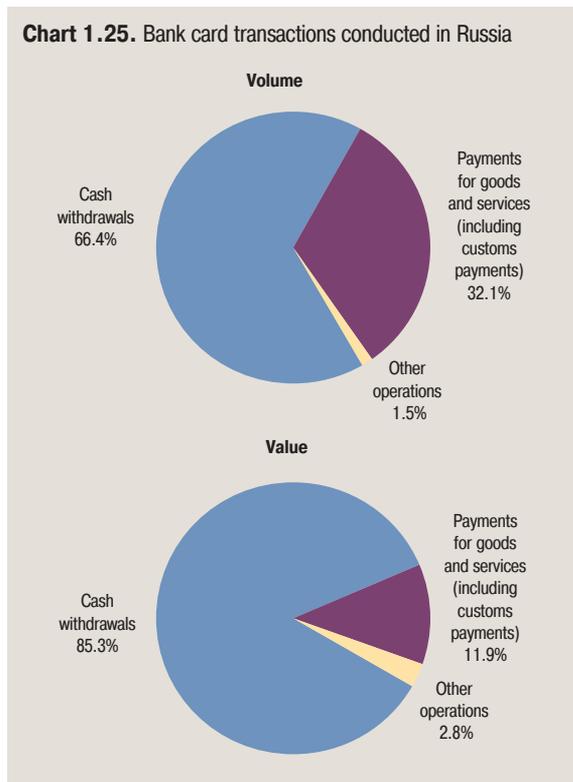


Chart 1.25. Bank card transactions conducted in Russia



volume was registered in the second quarter of 2010 (10.6 million cards), which exceeded the respective figure for 2009 1.6 times.

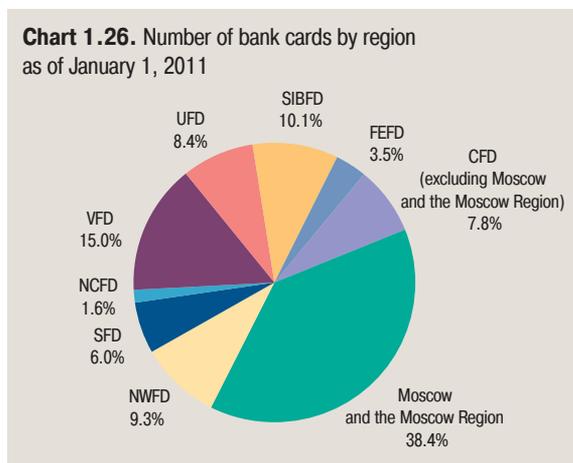
In 2010, 3.1 billion transactions worth 12.8 trillion rubles were carried out in Russia using bank cards issued by Russian credit institutions, which represents an increase of 26.5% in volume and 30.1% in value as compared with 2009. As before, households actively used bank cards for cash withdrawals (these transactions accounted for 66.4% in volume and 85.3% in value). At the same time, the growth in non-cash transactions by bank cards, that had been observed to expand in the past few years, continued in 2010. In particular, the share of these transactions grew from 28.4% to 33.6% in volume and from 11.7% to 14.7% in value in 2010 as compared with 2009. The overwhelming majority of these transactions involved payments for goods and services (including customs payments) that accounted for 95.5% in volume and 80.8% in value, while funds transfers from one bank account to another, charity payments, etc. made up 4.5% and 19.2%, respectively.

The volume and value of payments for goods and services (excluding customs payments) carried out in Russia by the holders of cards issued by credit institutions increased considerably in 2010 as compared with 2009 (by over 50%). For these transactions, cardholders preferred to use terminals installed at the points of sale. These terminals handled over a half of all payments to the amount that represented more than 80% of the total value of these transactions. Payments effected through ATMs accounted for 43.9% of the total volume and 15.0% of the total value of payments, while payments through other devices/technologies (the internet, mobile phones and imprinters) made up about 4% both in volume and value.

The holders of cards issued by Russian credit institutions conducted 67.1 million transactions worth 376.3 billion rubles outside Russia in 2010, which represents an increase of 50% in volume and 30% in value as compared with 2009. Cardholders mainly used their bank cards abroad to make payments for goods and services, rather than for cash withdrawals, and the share of these payments in the total volume and value of card transactions continued to grow and in 2010 reached 81.0% and 72.1%, respectively.

In Russia, bank cards issued outside the country are used much less frequently than the cards of Russian issuers. In 2010, a total of 33.3 million transactions worth 157.5 billion rubles were made by the bank cards issued abroad. Of these, payments for goods and services accounted for almost 60% in volume and 50% in value.

Chart 1.26. Number of bank cards by region as of January 1, 2011



Experience in the use of NFC¹⁷ contactless technology

The NFC is a contactless technology that establishes a highly secure radio channel of data transmission between various types of electronic devices over small distances. Wireless technologies enable the most convenient and prompt exchange of information between a data medium (for example, a bank card or a mobile phone) and a reading device, simplifying and accelerating the process of the provision of services to customers.

More than 150 big companies, including international payment systems, are engaged in the development of the NFC technology. Virtually each of them uses its own programmes to develop this technology. In particular, Visa implements the PayWave programme, while MasterCard focuses on PayPass, American Express – on ExpressPay and JCB International – on J/Speedy. All of these technologies are based on the ISO 14443 Standard, which provides for high-speed transactions, localisation and a guaranteed level of interoperability across the world.

Pilot projects of contactless technologies have already been launched in 13 countries. These technologies are being introduced especially actively in the Northern America (the United States, Canada) countries of the Asia-Pacific region (Japan, South Korea, Thailand and Hong Kong), and also in some European countries (Great Britain, Germany, Turkey).

For the purpose of increasing security, most international payment systems allow contactless transactions up to the established limit (normally, \$25) and does not require its confirmation with a customer's signature or a PIN code. This approach considerably accelerates the payment process and makes contactless technology an ideal instrument for low-value transactions.

Contactless technologies offer large potential from the viewpoint of their use in quite diverse business segments, including petrol station networks, toll highways and, primarily, public transport payment systems. It should be noted that the Asia-Pacific countries, that have been pioneers in the area of contactless technology, initially introduced them to the needs of public transport systems. One of the examples is the Octopus closed transport system in Hong Kong, which provides services to 13.5 million passengers. Contactless technologies integrated into public transport payment systems are used in more than 100 cities worldwide.

The potential use of the contactless technologies is also important for Russia where these technologies have already been used, in particular, in numerous large-scale projects of fare payment systems implemented in the Moscow, St. Petersburg, Novosibirsk and Kazan subways, and also for high-speed Russian railroads. Moreover, contactless transport applications are an integral part of the well-known "social card" projects implemented in Moscow, the Moscow Region and some other Russian regions.

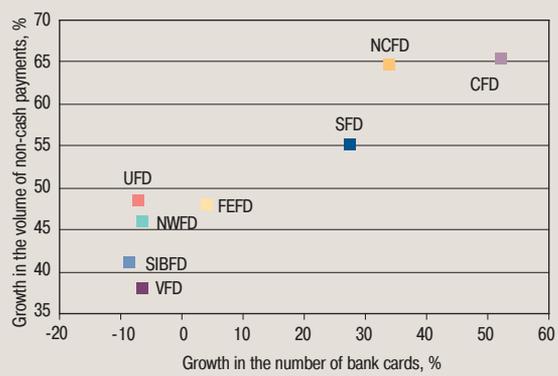
Federal districts

The bank card market developed unevenly in Russia's federal districts in 2010. In particular, the rates of growth in the number of bank cards issued in the Central Federal District (52.3%), the North Caucasus Federal District (34.0%) and the Southern Federal District (27.5%) exceeded the national average of 14.6%. At the same time, the number of bank cards issued in the Siberian Federal District, the Urals Federal District, the North-Western Federal District and the Volga Federal District declined by an average of 7.1%. The share of active¹⁸ bank cards in the total volume of issued cards increased in all the federal districts, which marked a positive trend in the development of the bank card industry in Russian regions. This share reached its highest level in the

¹⁷ Near Field Communication.

¹⁸ See footnote 15.

Chart 1.27. Growth in the number of bank cards and growth in the volume of non-cash payments in 2010 (on 2009), %



North Caucasus Federal District (80.1%) and the Siberian Federal District (73.3%), while its lowest level was registered in Moscow and the Moscow Region where active cards accounted for less than a half of all issued cards or 1.3 cards per resident.

The level of competition among credit institutions in the bank card market remained low in all federal districts. The concentration ratio¹⁹ by the number of credit cards issued was high in all federal districts in 2010, except for the Urals Federal District and the Volga Federal District. This ratio was the highest in the North Caucasus Federal District (almost 95%) and the lowest in the North-Western Federal District (76.0%). As before, credit institutions from Moscow and the Moscow Region held a dominant position in the market as they accounted for almost a half of all issued credit cards. Five credit institutions continued to issue about 60% of all debit cards in Russia. This situation was also typical of all the federal districts: the concentration ratio by the number of debit cards issued to residents of a federal district varied from 57.7% in the Urals Federal District to 74.7% in the North Caucasus Federal District.

The positive trend of the growing volume and value of payments by bank cards continued in 2010 in all the federal districts. The value of these payments grew 2.2 times in the Siberian Federal District, twice in the Far Eastern Federal District, 1.7 times in the North Caucasus Federal District and the Urals Federal District, 1.6 times in the Southern Federal District, 1.5 times in the Volga Federal District and by less than 50% only in the Central Federal District and the North-Western Federal District. As for the volume of these payments, the largest growth was observed in the federal districts, which registered the highest increase in the number of issued cards: 1.7 times in the Central Federal District and 1.6 times in the North Caucasus Federal District and the Southern Federal District.

The development of the bank card market in all federal districts was characterised by the high rates of growth in card payments.

As in previous years, payments by bank cards issued in the Central Federal District accounted for the largest part of all card payments in 2010 (36.6% in volume and 57.0% in value). The share of the other federal districts in the payment structure underwent no substantial changes and varied from 1.0% in the North Caucasus Federal District to 16.4% in the North-Western Federal District in terms of volume and from 0.8% in the North Caucasus Federal District to 12.2% in the North-Western Federal District in terms of value.

¹⁹ The concentration ratio for a federal district is the share of bank cards issued to the residents of this federal district by the five largest credit institutions in the total number of bank cards issued to the residents of the federal district by credit institutions located in the territory of this and (or) other federal districts.

Cardholders in Russia²⁰ actively used POS terminals to make payments for goods and services. In the North-Western Federal District three-fourths of all the payments were conducted through these terminals, which represented over 90% of their total value. In the Central Federal District, the Siberian Federal District and the Far Eastern Federal District, these terminals accounted for over 50% of such payments.

1.2.5. Cheques

Cheques hold the smallest share in the structure of non-cash payment instruments. A total of 8,900 cheque payments worth 3.0 billion rubles were conducted in 2010, which represents a decrease of 16.0% in volume and 17.1% in value as compared with 2009. Payments conducted by credit institutions' customers from among legal entities other than credit institutions accounted for 82.5% of the total volume and 72.4% of the total value of these payments, while payments by individuals accounted for 2.9% and 22.8%, respectively, and credit institutions' own payments made up 14.5% and 4.8%. Cheques were used quite actively in the Central Federal District (20.6% in volume and 9.8% in value) and the Siberian Federal District (17.2% in volume and 25.8% in value).

1.3. METHODS OF EFFECTING PAYMENTS

1.3.1. Methods of forwarding payments to credit institutions

As in previous years, customers of credit institutions (individuals and legal entities other than credit institutions) preferred to make payments electronically²¹ in 2010: out of every 100 payment orders forwarded to credit institutions by its customers, 67 were executed electronically and 33 – in paper form. The volume of payment orders sent to credit institutions electronically increased by 13.1% in 2010 year on year to 710.5 billion payments, while their value grew by 16.5% to 246.2 trillion rubles.

Legal entities other than credit institutions used electronic technologies more actively than individuals and forwarded 73.5% of payment orders electronically in 2010, which represented 81.8% of the total value of payments. Of these, internet payments accounted for about 50%. As in previous years, the rates of growth in electronic payments in 2010 exceeded the rates of growth in paper-based payments: the volume of payment orders forwarded by legal entities to credit institutions electronically grew by 15.1%, while the volume of those based on paper documents expanded by 8.6% (the value of these payments increased by 19.0% and

²⁰ These are holders of the cards issued both in and outside Russia.

²¹ Here and below in this chapter, payments conducted electronically include payments on the basis of payment orders forwarded via telecommunications channels, the internet, mobile phones, the automated bank-customer system, etc. Payments by bank cards are not included.

Chart 1.28. Structure of payments forwarded to credit institutions in 2010, by method

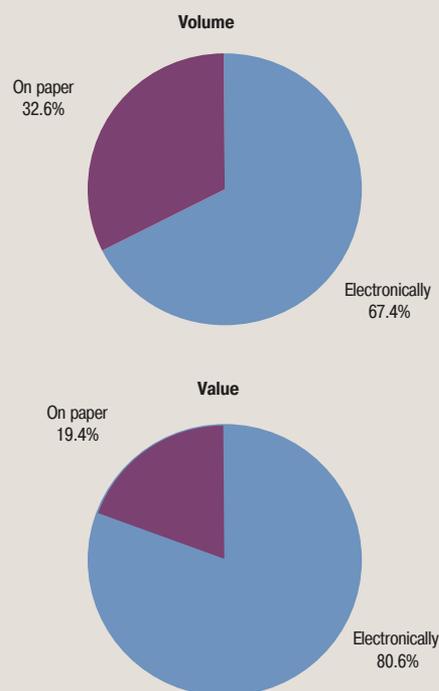
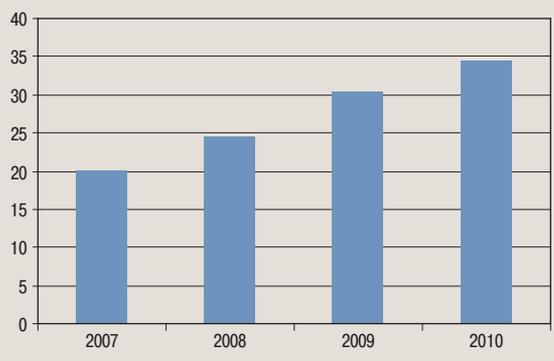


Chart 1.29. Share of electronic payments in the total volume of payments conducted by individuals, %



13.5%, respectively). The average electronic payment stood at 375,300 rubles and exceeded the average paper-based payment almost 1.6 times.

Individuals also started to use electronic payment technologies actively: they conducted every third payment electronically in 2010 compared with every fifth payment in 2007.

The volume of electronic payments conducted by individuals grew by 44.5% in 2010 as compared with 2009 due to a large increase in the volume of internet transactions, which expanded 2.3 times. There was also growth in payments based on such remote banking services as the automated bank-customer system, telephone banking, etc., which increased by 9.7% in the period under review. At the same time, the volume of payments via mobile phones contracted by 14.4%. These trends changed the structure of individuals' payments initiated by electronic payment orders.

Out of 100 payments forwarded by individuals to credit institutions electronically in 2010, 55 payments were executed via the internet, 17 payments – via mobile phones and 28 payments – via other remote access methods.

Inset 6

Remote banking services

Competition between Russian banks has increased notably in the past decade. In their efforts to attract customers, banks pay considerable attention to the improvement of the quality of banking services, which are increasingly determined by the need to offer a wide range of banking products at a convenient time and place for the customer (at home, in the office or while on the move). At the same time, banks are required to ensure accurate, prompt and safe banking operations. To address these tasks, banks have started to offer remote banking services (RBS), which have allowed customers to access banking services without a need to visit a bank office. Initially, RBS were accessible only to legal entities but soon started to be used in the provision of banking services to individuals.

The RBS development focuses on the following core areas²²:

The bank-customer system – is a financial workflow information system designed for providing RBS to customers, which allows banks to conduct non-cash banking operations (settlements across bank accounts held by individuals and (or) legal entities, purchase/sale of foreign currency, etc) and (or) provide other services (the issuance of statements of bank accounts and banking operations, etc.) through information and telecommunications networks (including the internet, wire and radio telephone networks, dedicated communications lines and channels, etc.).

Telephone banking relies on general-purpose telephone networks to provide RBS. The customer and the bank exchange information through verbal communication over the telephone. The customer may also send instructions to the bank from his phone keypad in the form of tone signals and receive information from the bank (for example, concerning the balance of his account) through voice messages.

²² Bank of Russia Letter No. 94-T, of August 1, 2008, "On Holding Questionnaire Polls among Credit Institutions."

Mobile banking:

- *SMS banking*²³ – SMS banking systems use telephone networks containing special SMS services (basically mobile phone networks) as a communication environment. These systems handle financial workflows based solely on SMS messages, which customers send and receive using their mobile phones, communicators, personal computers, etc.

- *WAP banking*²⁴ – WAP banking systems use mobile phone networks supporting the WAP protocol of data exchange with the internet to handle financial workflows. This protocol allows the customer to send instructions in a secure mode to a credit institution over the mobile phone equipped with a special SIM card and receive the necessary information from the credit institution through the so-called WAP websites in the internet.

- *Internet trading* – information systems that offer customers an opportunity to buy and sell securities on stock markets.

- *Forex market trading services* – RBS provided to customers via the internet with the use of corresponding information systems for foreign currency trading in the Forex market.

The Bank of Russia held questionnaire polls among credit institutions²⁵ in 2008 and 2011 with a view to monitor the use of modern RBS technologies, including internet banking, in their banking practices.

The questionnaire poll results showed that as of the beginning of 2011, almost 94% of the credit institutions covered by the poll provided RBS via the bank-customer system, 17.5% – via telephone banking, 16.2% – via SMS banking, 1.3% – via WAP banking, 12.6% – via internet trading and 2.8% offered Forex market trading services. As compared with the results of the 2008 questionnaire poll, the trend towards the expanding of RBS technologies persisted in the reporting period as a whole amid a contraction in the number of credit institutions since 2008. Considering that the mobile communications segment formed by the users of new-generation multifunctional devices has expanded considerably lately, mobile banking has showed a trend towards its further growth. In particular, the number of credit institutions offering WAP and SMS banking services has grown 1.8 times and 1.1 times, respectively.

1.3.2. Methods of effecting payments by credit institutions²⁶

In 2010, credit institutions handled 2.8 billion payments worth 363.2 trillion rubles, including both their own payments and the payments of their customers other than credit institutions. Of these, payments executed through the correspondent accounts of credit institutions and non-resident banks accounted for 6.2% by volume and 12.7% by value, those executed through inter-branch settlement accounts made up 13.2% by volume and 19.4% by value, and payments carried out within one branch of a credit institution represented 48.5% and 25.1%, respectively, while payments conducted through the Bank of Russia Payment System accounted for 32.0% by volume and 42.8% by value.

Compared with 2009, the volume of payments handled by credit institutions increased 1.5 times, while their value contracted by 14.9%. The overwhelming majority of these payments were executed electronically.

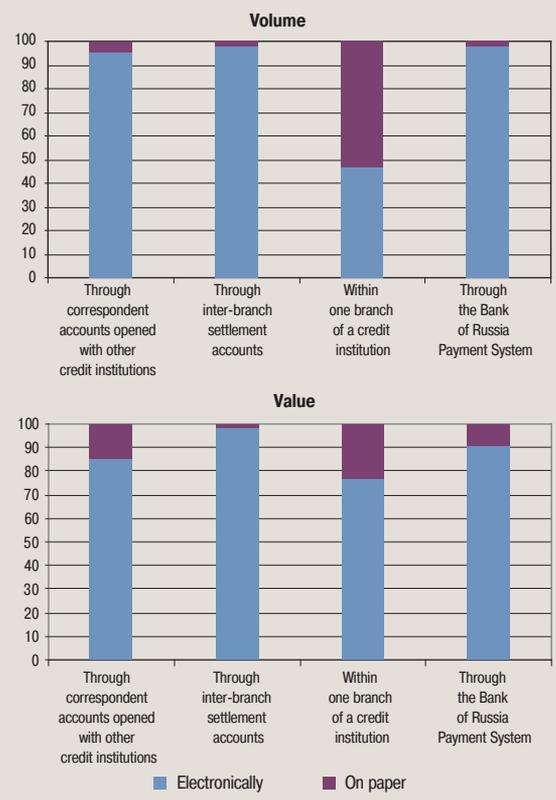
²³ SMS: Short Message Service.

²⁴ WAP: Wireless Application Protocol.

²⁵ Questionnaire polls were held in compliance with Bank of Russia Letters No. 94-T, of August 1, 2008, and No. 3-T, of January 14, 2011.

²⁶ Include payments handled by credit institutions on the basis of payment orders sent by their customers on paper and (or) electronically and exclude payments by bank cards.

Chart 1.30. Structure of payments effected by credit institutions in 2010, by method, %



Electronic payments accounted for 72.8% of the total volume and 88.1% of the total value of credit institutions' own payments and payments by their customers other than credit institutions, while paper-based payments made up 27.2% and 11.9%, respectively. The average amount of an electronic payment stood at 158,300 rubles and was almost 3 times larger than the average paper-based payment.

Credit institutions conducted virtually all the payments of their customers through inter-branch settlement accounts, the correspondent accounts of other credit institutions and the Bank of Russia Payment System²⁷ electronically. Paper-based payments were effected most frequently within one branch of a credit institution. They accounted for more than a half of all payments, which represented 23.4% of their total value.

Inset 7

ISO 20022 Methodology and its application

The ISO 20022 methodology considers information exchange as a necessary tool to ensure the execution of financial transactions and satisfy the requirements of the participants in these transactions for data they need to make corresponding decisions. The development of information message exchange schemes and the structure of each message is preceded by a thorough analysis of the requirements of the participants in financial transactions for the relevant information, its structure, sequence and the time of its receipt. The available documented results of this analysis simplify the processes of the subsequent development and support of materials based on this Standard.

Also, considering that message schemes developed under this approach should be universal and be used by the largest possible number of financial industry users, their description in compliance with this Standard should be formalised so far as to provide an unambiguous messaging syntax.

These considerations are included in the ISO 20022 Standard that is used to develop models structured at the descriptive, conceptual, logical and physical levels. The models of descriptive and conceptual levels are developed for each specific business domain of the financial industry (securities, payments and settlements, currency conversion operations, account management, etc.) and describe all items and processes in these business domains.

The structure and characteristics of the elements of these models (BusinessDomain, BusinessProcess, BusinessRole, BusinessTransaction, MessageDefinition, MessageComponent, MessageChoreography, etc.) are important parameters of this Standard. All of them are integrated into a single document called the ISO 20022 Metamodel. The Metamodel's basic elements that are used to describe items and processes in various business domains of the financial industry provide a uniform terminology and homogenous information elements and help create standardised information messages. For example,

²⁷ Include credit institutions' own payments and payments by their customers other than credit institutions conducted by credit institutions across correspondent accounts (sub-accounts) opened with the Bank of Russia. These data have been collected since 2010.

the term “creditor” is used in all the relevant contexts for the synonym terms “payee,” “beneficiary” and “creditor.” The models of descriptive and conceptual levels are built using the UML (Unified Modelling Language). They describe (with the varying degree of detail) a specific business domain and the information requirements of participants in corresponding financial transactions, and subsequently transform into accurate, detailed and fully formalised descriptions of messages and message transmission sequences (MessageChoreography), which build the model of the logical level.

The UML helps develop the models of descriptive, conceptual and logical levels in a format that does not depend on specific business domains and technologies applied in this format. In this sense, ISO 20022 models are universal patterns creating pre-requisites for interoperability across various automated systems of financial data processing.

Although UML-based models, including the models of logical level, allow for automated data processing, they are not designed for a direct use as software systems ensuring an information exchange in real infrastructural organisations of the financial market. This requires building physical-level models, which normally represent XML message schemes used as the initial material to develop specific solutions for information exchange systems. Message descriptions based on XML (eXtensible Mark-up Language) do not depend on hardware platforms or programming languages applied in specific solutions.

One more specific feature of the ISO 20022 methodology, which aims to offer a universal financial industry message scheme and maximum convenience for its potential users, is that it creates and maintains a centralised Repository for all models developed in compliance with this methodology. The Repository is freely accessed through the internet while the use of its content for the purpose of developing the ISO 20022 Standard is regulated by organisational procedures stipulated in the ISO 20022 Standard.

The potential advantages of using the unified information exchange standard are obvious but it is also obvious that any organisation will have to bear costs to switch from its current forms and standards of data exchange to new ones.

The standards developed using the ISO 20022 methodology will most naturally be introduced for newly established financial and infrastructural organisations of the financial market. That is why, as an example of this approach, the Target2-Securities System currently being developed as a common European securities settlement platform and the PE-ACH and SEPA projects of a single pan-European clearing centre stipulate from the outset that these systems will use messages based on the ISO 20022 Standard.

Organisations planning their transition to ISO 20022 messages (information exchange system migration) are confronted with the need to carefully plan this process. Two possible scenarios are normally considered: the simultaneous transition of all structural units of an organisation to the new standard of information exchange (the big bang scenario) and the migration scenario of a gradual transition of various structural units to ISO 20022 messages.

In particular, the SEPA project has opted for a gradual migration to the ISO 20022 Standard. However, this transition is proceeding quite slowly because in the conditions of financial instability only a limited number of financial institutions are prepared to bear additional costs related to the use of new formats, while simultaneously supporting old standards. To solve this problem, the euro area countries are in the process of preparing a regulatory act to establish a deadline for cancellation of national formats in cases when corresponding SEPA schemes and ISO 20022 formats for messages are available.

1.4. ACCESSIBILITY OF PAYMENT SERVICES

1.4.1. Payment infrastructure of the banking system of Russia

The development of the banking system infrastructure is a key factor contributing to the broader accessibility of payment services. In 2010, the number of banking system institutions in Russia slightly increased to reach 42,904 as of January 1, 2011.

Table 1.4. Banking system infrastructure providing payment services

	1.01.09	1.01.10	Growth, %	1.01.11	Growth, %
Total banking system institutions	43.294	42.360	- 2.2	42.904	1.3
of which:					
Bank of Russia branches	632	630	- 0.3	608	- 3.5
Divisions of credit institutions ²⁸	42.662	41.730	- 2.2	42.296	1.4
Banking system institutions per 1 mln inhabitants	305	299	- 2.0	302	1.0

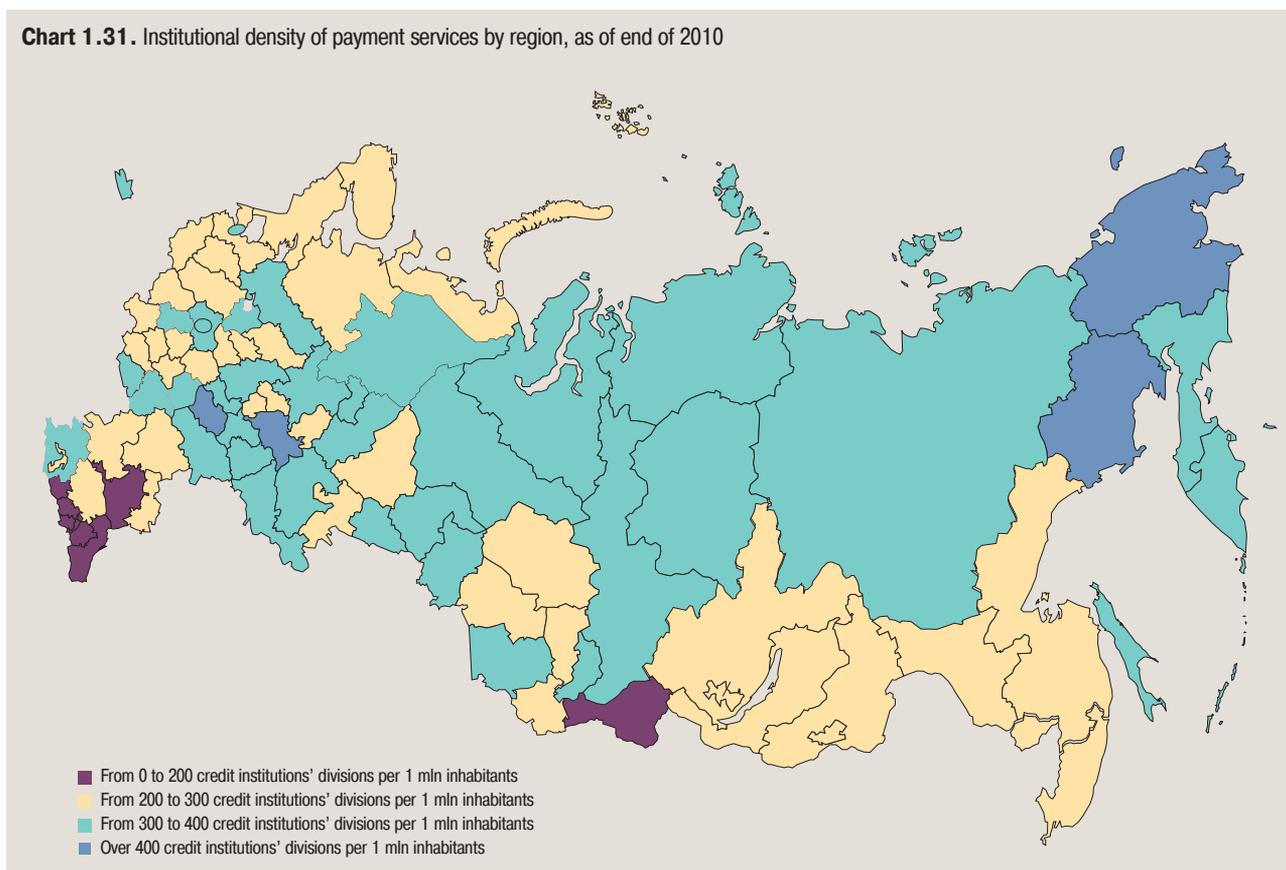
The overall number of credit institutions' divisions increased in 2010 due to the growth in the number of their internal divisions. The largest increase in the number of credit institutions' divisions was registered in the North Caucasus Federal District (by 10.8%) and the Central Federal District (by 3.4%), including Moscow and the Moscow Region (by 4.2%).

The number of operating credit institutions and their branches continued to decrease and fell by 7.1% over the year to 3,938 as of the beginning of 2011. This trend was observed in all the federal districts, with the largest decrease registered in the Far Eastern Federal District (by 14.3%) and the Volga Federal District (by 8.9%). This was largely attributable to the continued efforts by Sberbank to optimise the structure of its branch network (the number of Sberbank branches contracted by 11.0% in 2010).

Additional offices accounted for more than a half of credit institutions' divisions, cash operations departments outside cash settlement centres accounted for almost one-third and cash and credit offices and operations offices accounted for slightly over 10%. At the same time, in comparison with cash and credit offices whose number is observed to decrease each year, the development of operations offices is characterised by high growth rates in all federal districts: their number grew by 42.1% across Russia in 2010. The highest growth rates were registered in the North-Western Federal District, the Urals Federal District and the Central Federal District (by more than 50% in each of these districts), while the lowest increase was observed in the Southern Federal District and the North Caucasus Federal District (the aggregate growth of 3.7%). The number of additional

²⁸ Credit institutions and their branches, additional offices, cash and credit offices, operations offices, and cash operations departments outside cash settlement centres.

Chart 1.31. Institutional density of payment services by region, as of end of 2010



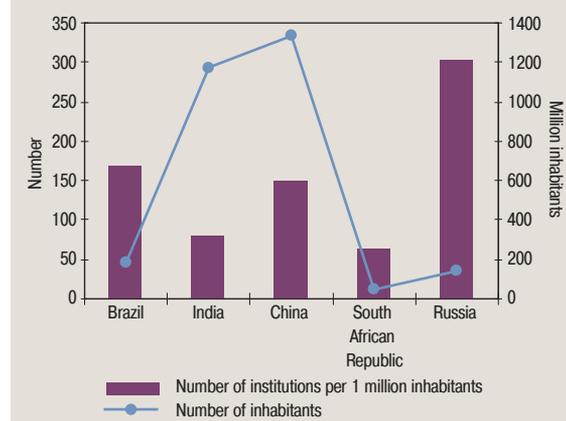
offices increased in all the federal districts, except for the North-Western Federal District.

One of the major indicators that characterise the accessibility of payment services is the number of banking system institutions per 1 million inhabitants. As of the end of 2010, there were 302 banking institutions for every million inhabitants across Russia. This figure was observed to increase in all the federal districts, with the largest growth registered in the Central Federal District (by 3.4%).

As of January 1, 2011, Russia was far ahead of all the other BRICS member countries by the number of banking system institutions per 1 million inhabitants, outpacing South African Republic 4.8 times, India 3.8 times, China 2.8 times and Brazil 2 times.

As information and communication technologies advance rapidly, the level of payment services accessibility has been increasingly characterised by the development of remote banking services, including those provided via the internet, mobile phones, bank cards and the bank-customer system. As of the end of 2010, over 90% of operating credit institutions offered their customers the opportunity of remote access to their accounts in order to make payments. In 2010, the number of credit institutions providing their customers with the opportunity to access their accounts via the internet grew by 4.1% and of those providing remote access to the accounts via mobile phones increased by 8.2%.

Chart 1.32. Number of banking system institutions per 1 million inhabitants in BRICS member countries (as of January 1, 2011)



International practice in branchless banking²⁹

Branchless banking³⁰ has emerged as a promising method to accelerate the process of providing broad layers of the population with generally accessible financial services. The efforts to reduce the costs and risks of distributing financial services and increase branchless channels of their provision have enabled large commercial banks and new market members, like mobile network operators, to reach large numbers of underserved people with these new opportunities.

Financial inclusion is growing in most countries but often as a result of the expansion of conventional banking channels, such as bank offices and branches. The number of these channels cannot grow indefinitely because they require quite high maintenance costs. At the same time, branchless banking helps to reduce operational costs and expand the geographical outreach of financial services for customers. Nevertheless, branchless banking has only modest coverage to date in most countries. This can be largely explained by the insufficiently developed information and communications infrastructure.

The essential feature of branchless banking is that financial service providers can reduce fixed costs of their core operations by using existing facilities and devices (for example, mobile phones), whether owned by the customer or by agents performing the functions of financial intermediaries.

Some developing countries (Brazil, Kenya and Mexico) have accumulated positive experience in branchless banking.

Brazil

Brazilian banks have used agents (“correspondents”) since the 1970s to provide financial services to customers. However, it was not until 1999 that the Central Bank of Brazil expanded the functions of bank agents, permitting them to open bank accounts, handle cash depositing and withdrawing operations across such accounts, and also accept money for payments. Using this new opportunity, a state-owned bank Caixa Economica concluded an agreement to give 9,000 lottery kiosks the status of agents. The following year, the Central Bank of Brazil lifted a prior restriction that had limited agents to municipalities without bank branches. Caixa Economica quickly expanded its activities to cover all 5,600 municipalities in Brazil. In 2003, a third package of regulations was adopted, motivated by the government’s financial inclusion policy: from now on any financial institution was permitted to engage agents. The use of agents has grown steadily since then: the total number of agents tripled over five years (from 36,474 in 2003 to 117,000 in 2008). Bill collection and payments for goods and services dominate in transactions conducted by agents (they carried out 1.6 billion transactions worth \$93.3 billion in 2007). At the same time, agents are also frequently used for conducting operations on bank accounts: a total of 398 million deposit and withdrawal transactions worth \$39.6 billion were performed by agents in 2007, accounting for one in every five transactions and 30% of the overall value of funds flowing through agents.

Kenya

Another positive example of branchless banking is M-PESA realised in Kenya . It is a mobile payment service offered by Safaricom, Kenya’s largest mobile network operator. Since its commercial launch in March 2007, more than 7 million people, or approximately one in four adult Kenyans, have signed up for this service. Largely thanks to M-PESA, the share of Kenyans considered to be formally financially included has almost doubled in just three years to 41%.

Mexico

Mexico’s Banco Azteca, which offers services to about 8 million deposit customers, used a secure electronic banking system to connect a large network of mini-branches providing financial services and located in stores of its parent Elektra, a large seller of consumer durables, and also in stores of other retail chains.

²⁹ Based on the materials prepared by the Consultative Group to Assist the Poor (CGAP) and the UK Department for International Development (DFID): “Realising the Potential of Branchless Banking: Challenges Ahead” (No. 50, October 2008) and “Scenarios for Branchless Banking in 2020” (No. 57, October 2009).

³⁰ CGAP and DFID define branchless banking as the delivery of financial services outside conventional bank branches using information and communications technologies and non-bank retail agents.

The number of remote access accounts opened with credit institutions by individuals and legal entities other than credit institutions rose by 27.0%. Their share in the total number of active accounts³¹ increased to 41.4% as compared with 2009.

There was also a considerable increase in the number of accounts accessed by bank customers via the internet and mobile phones (1.8 times and 2.0 times, respectively). However, despite the rapid growth in the number of these accounts observed in the past few years, their share in the total number of individuals' remote access accounts remained modest: accounts accessed via the internet made up 18.2% and accounts accessed via mobile phones – 14.2%.

Inset 9

International practice in enhancing financial literacy

USA

The growth in loan debt to banks is a major financial risk for the consumers of banking services today amid credit institutions' aggressive lending policies. Failure to provide the consumers of banking services with timely and qualitative information on financial products and risks associated with their use is a major factor that contributes to the increase of this risk. For example, in order to increase the number of their customers, some US credit institutions resorted to buying the lists of college and university students through unofficial sources to send them letters with credit card offers. However, a considerable number of students at US higher educational institutions use credit cards without having sufficient knowledge of the cost of loans or possible sanctions for failure to repay them, which may lead to the emergence of debts on loans and, as a result, bankruptcy procedures.

The US government is implementing in cooperation with the Federal Reserve System and with the involvement of commercial organisations more than 7,000 various programmes of improving financial literacy among different categories of the US population (children, schoolchildren, students, the labour force and pensioners). These programmes primarily aim to inform financial consumers of positive and negative aspects of particular financial products and help consumers make knowledgeable decisions on their use.

For example, the Federal Reserve Bank of Chicago has highlighted the need of the direct participation of government agencies in the efforts to raise financial literacy. As a result, a public-private partnership of about 1,000 various organisations was established in the state of Illinois. All of the partnership's efforts were consolidated in one project, Money Smart, which was coordinated by the Federal Reserve Bank of Chicago and covered about 50,000 people annually.

In 2004, a team of Shore Bank specialists who examined the gap between supply and demand of financial services for low-income consumers created the Centre for Financial Services Innovation (CFSI)³², which implemented two large-scale financial literacy programmes in 2008. The first programme targeted US servicemen who used financial services very rarely, while the second programme covered high school students because this category of citizens was more prone to irresponsible credit card use. The programme was designed to enhance the sense of consumers' responsibility for the use of retail payment instruments mainly based on credit schemes.

Canada

Like in the USA, banks in Canada issued credit cards to customers without the customers' preliminary assessment of inherent risks. College and university students suffered the most from this practice as many of them proved to be unable to control their consumer expenses.

³¹ Accounts through which at least one non-cash transaction has been conducted since the beginning of the year.

³² The Center for Financial Services Innovation (CFSI) is a nonprofit organisation that co-sponsors the annual Underbanked Financial Services Forum, which focuses on providing access to financial services for financially underserved consumers. The CFSI's main functions include conducting studies of consumer groups with low and medium income and investing funds in financial literacy programmes.

The issues of financial literacy education in Canada are addressed by the Financial Consumer Agency of Canada (hereinafter the Agency), which was established in 2001. To date, the Agency has been able to develop in cooperation with the Government of Canada a national strategy to strengthen financial literacy in the country. Under this strategy, the Agency develops programmes for various categories of citizens (schoolchildren, students, adults) to help consumers understand complex financial issues (for example, assistance in calculating loan interest, determining the number of credit cards necessary for consumers, etc.). On the Agency's initiative, tax incentives were introduced for organisations participating in financial literacy training programmes for the population. The Agency has also set up a call centre that processes about 35,000 telephone calls a year to help consumers get answers to their questions (for example, questions concerning pension savings, credit cards, investments, etc.).

1.4.2. Devices of credit institutions used in effecting payments

Credit institutions make payment services accessible to households both through their branches and the network of devices: ATMs that could be used to make payments (including by bank cards); imprinters and terminals installed at the points of sale (POS terminals), and remote terminal units (RTU).

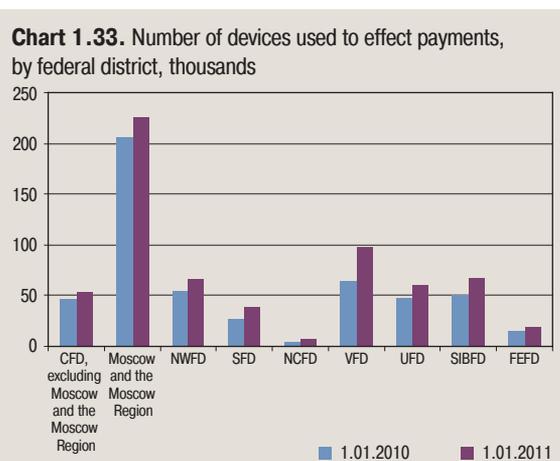
In 2010, the number of these devices increased almost by a quarter to 638,900 devices at the end of the year. The highest rates of growth were registered in the Volga Federal District (52.3%), the North Caucasus Federal District (51.0%), the Siberian Federal District (30.8%) and the Urals Federal District (29.1%) due to the rapid infrastructure development in these federal districts amid the lower level of payment devices density than in the other federal districts (in particular, as compared with Moscow and the Moscow Region). The lowest rates of growth in the number of these devices were registered in the Central Federal District, excluding Moscow and the Moscow Region (16.7%).

In 2010, credit institutions continued the active expansion of their ATMs network. The share of ATMs in the total number of devices used to effect payments increased by 6.4 percentage points in 2010 year on year to 24.3%. The number of credit institutions' ATMs operating in Russia grew by 70% during the year to 155,300 ATMs as of January 1, 2011. The largest growth in their number was registered in the North Caucasus Federal District, the Volga Federal District and the Southern Federal District (more than 2 times).

The ATMs density exceeded 1,000 machines per 1 million inhabitants as compared with 2009. This rate was higher than the national average in Moscow and the Moscow Region (2,134), the Volga Federal District (1,226) and the Southern Federal District (1,141). In the other federal districts, this figure varied from 358 ATMs in the North Caucasus Federal District to 1,019 ATMs in the North-Western Federal District.

Significant differences still remain among federal districts in terms of the ATMs density level.

ATMs with a cash withdrawal function accounted for 62.6% of the total number of ATMs in 2010, and almost all of them allowed cardholders both to withdraw cash and to make payments. The number of these ATMs



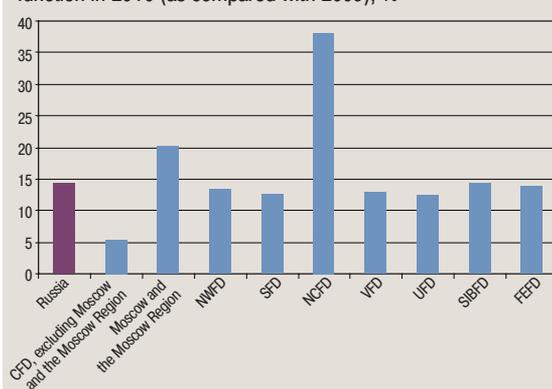
grew by 14.2% year on year to 90,800 largely due to the growth in these devices in Moscow and the Moscow Region, where their number increased by 20.1%.

ATMs with a cash-loading function have become increasingly popular among households (in particular, to pay for utilities, mobile phone, etc.). Their number grew 3.4 times in Russia as a whole in 2010, while in some federal districts (the North Caucasus Federal District, the Southern Federal District and the Volga Federal District) their number rose 5 times and more. Such a rapid growth increased their share in the total number of ATMs more than twofold to 51.0%.

The number of POS terminals and RTUs increased by almost 20% in 2010 to 445,300 devices. In most federal districts, the growth rate was higher than the national average. Only in the Central Federal District (excluding Moscow and the Moscow Region), the North Caucasus Federal District and the Southern Federal District, they increased by 14.1%, 18.6% and 19.5%, respectively. The largest growth was registered in the Volga Federal District (31.7%).

In 2010, there were 3,116 POS terminals per 1 million inhabitants, which exceeded the respective figure for 2009 by 19.9%. As before, the largest number of these devices per 1 million inhabitants was observed in the Central Federal District (4,969), which is attributable to the highest density level of these devices registered in Moscow and the Moscow Region (8,014). The number of POS terminals per 1 million inhabitants remained considerably lower in the North Caucasus Federal District (391), the Southern Federal District (1,686), the Volga Federal District (2,053), the Far Eastern Federal District (2,425) and the Siberian Federal District (2,558).

Chart 1.34. Growth in the number of ATMs with a payment function in 2010 (as compared with 2009), %



Inset 10

Russian practice in creating a consolidated retail services infrastructure

The projects, which credit institutions are implementing to create consolidated retail services infrastructure accessible for all their customers on common financial terms and conditions, can be referred to positive trends in the development of retail banking services in Russia.

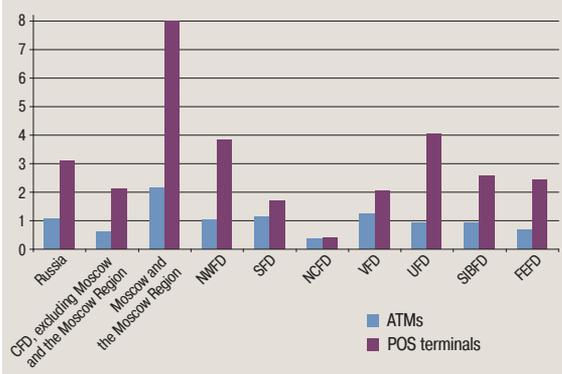
In particular, in order to reduce their costs, credit institutions have started to unite into groups to create a single network of ATMs. For example, the integrated infrastructure of 30 credit institutions participating in one of these projects comprised almost 6,000 ATMs located in almost all Russian regions as of January 1, 2011 (compared with 3,300 ATMs a year earlier). This infrastructure also integrated cash dispensing offices of credit institutions participating in the project with almost 2,000 POS terminals installed (1,400 POS terminals as of January 1, 2010).

Retail payment infrastructure integration generates the following positive effects:

- more ramified and accessible payment service network;
- extended list of payment services and prerequisites for the provision of standardised services in all ATMs operating within the integrated retail payment infrastructure;
- single fee for cardholders to conduct bank card transactions through ATMs operating within the integrated retail payment infrastructure. This fee is normally lower than the fee charged for transactions conducted outside this infrastructure.

The agreement on the mutual use of ATM networks owned by credit institutions helps them utilise investment resources efficiently and purposefully. This factors can finally reduce the cost of banking services and make them more affordable for consumers.

Chart 1.35. Number of payment devices per 1 mln inhabitants in 2010, by federal district, thousands



In 2010, the concentration ratio of credit institutions' payment services in terms of the number of devices used to effect payments³³ stood at 54.9% in Russia as a whole.

The development of the banking sector payment infrastructure³⁴ in Russia is accompanied by a rapid growth in the non-bank payment infrastructure³⁵. The payment terminal network, which enables households to transfer money in favour of legal entities in order to pay for different services, as well as to conduct some transactions across their bank accounts, continues to develop dynamically.

Inset 11

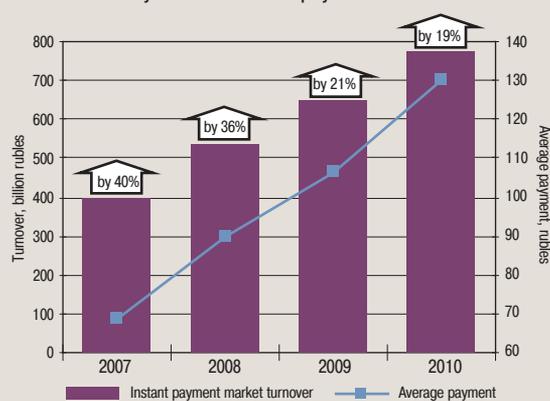
Instant payments³⁶

Turnover volumes in the market of the so-called instant payments (effected through payment terminals and other devices/technologies) grew by almost 20% in 2010 to 772.2 billion rubles. The relatively rapid growth in the value of instant payments was attributable, to a considerable extent, to the development of the infrastructure of payments for government services, which enables consumers to pay for these services (for example, fines for violating traffic rules, state duties and taxes) using payment terminals. A general trend towards growth in both the volume (up to 16 million payments daily) and average value of these transactions (from 110 rubles to 132 rubles) was observed. The latter was connected with the increase in payments for expensive services (such as payments for air tickets or railway tickets).

The growth in the value of these payments has been observed to slow down in the past few years. Moreover, there has been no increase in the number of payment reception points (their number stood at about 400,000 as of January 1, 2011, of which about 80% were payment terminals).

The trend towards the decrease of the share of payments for mobile communication services in the total volume of instant payments remained stable in 2010. This share fell by 7.5 percentage points, year on year, to 73.5% largely due to both the increase in fees that partners of instant payment systems charged to individuals and the contraction in the number of payment terminals with no fees. The aggregate share of operations to repay loans and pay housing and utility services bills, on the contrary, increased to 10.2%.

Chart 1.36. Dynamics of instant payment volumes



The structure of instant payment market participants also underwent changes. The share of main providers (Qivi, CyberPlat, Euroset and Elecsnet) in the total number of participants fell to 74.7%, which evidenced tighter competition in this market segment. The growing share of other market participants was mainly attributable to the increased activity of regional systems and the emergence of credit institutions in this market. Credit institutions are penetrating this market by creating their own instant payment systems or purchasing existing networks, and also because some instant payment systems have started to work with bank cards. Such integration allows instant payment

³³ The share of devices owned by the five largest credit institutions in a federal district in the total number of payment devices installed in the territory of this federal district (ATMs with a payment function, RTUs, POS terminals and imprinters).

³⁴ Credit institutions, their branches and internal divisions, ATMs, POS terminals (including RTUs) and imprinters, which enable customers to make bank card payments.

³⁵ Includes payment terminals of the following non-bank organisations: "United Instant Payment System," "E-Port," "CyberPlat", as well as the Russian Post branches.

³⁶ Based on materials prepared by the Bank of Russia, the National Association of Electronic Commerce Members and the Centre for Research in Payment Systems and Settlements.

Chart 1.37. Instant payment structure by volume

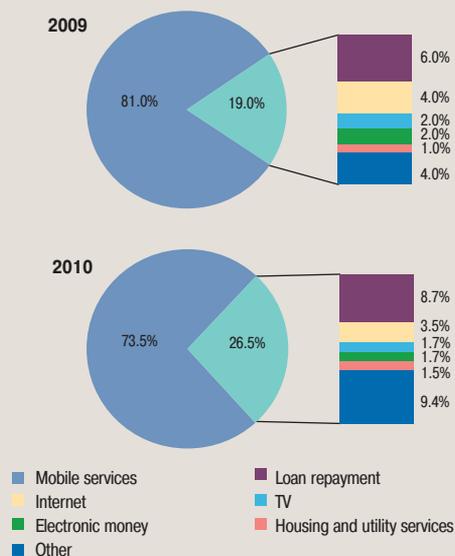
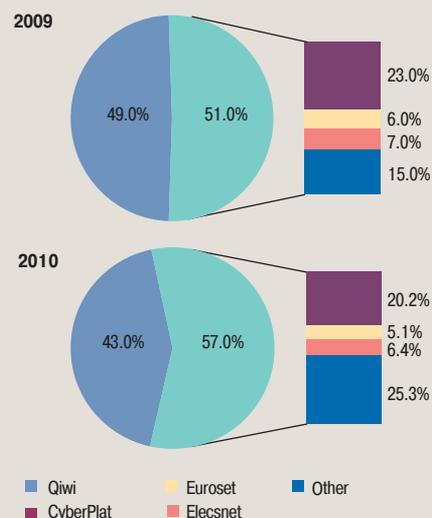


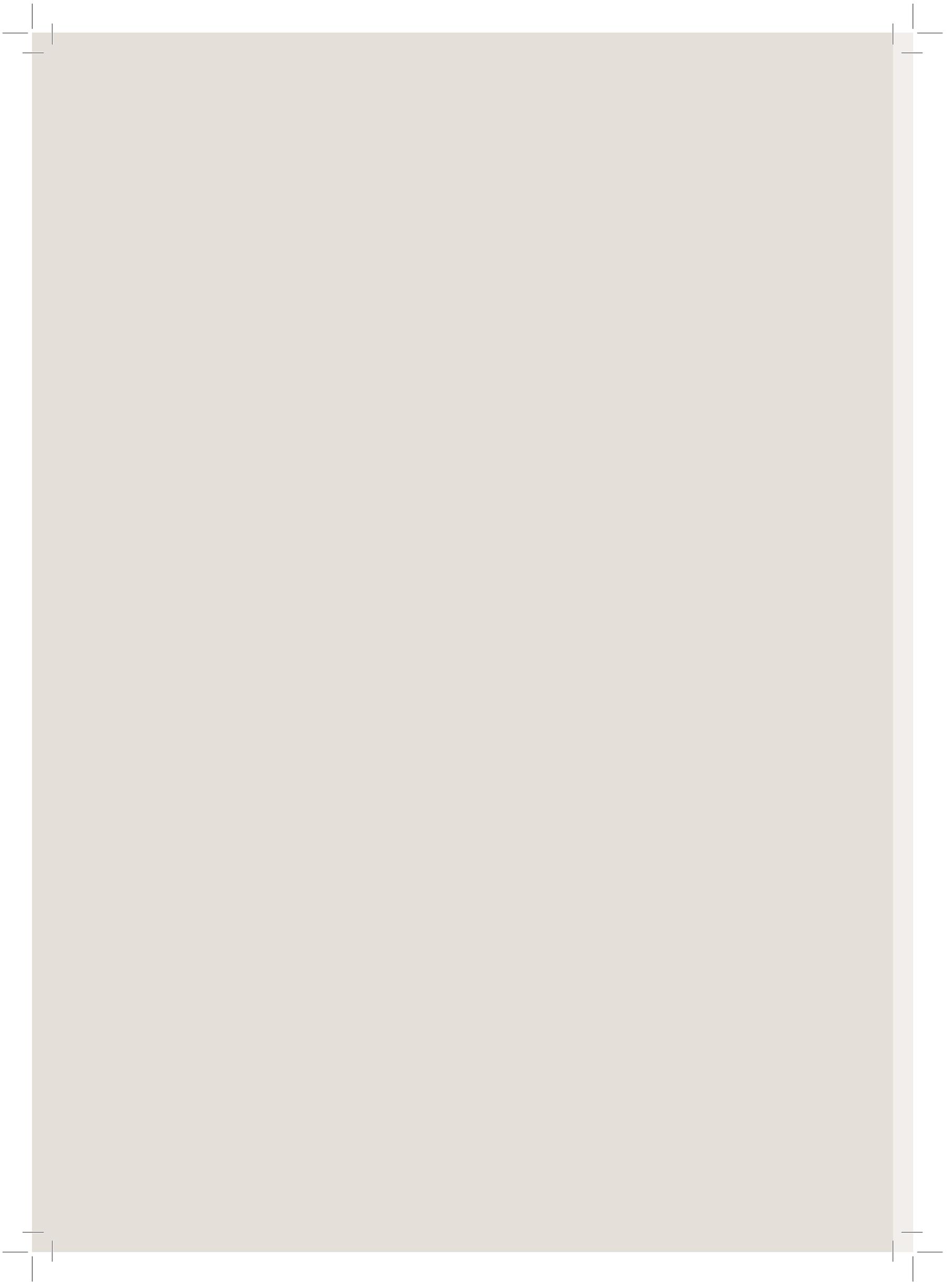
Chart 1.38. Structure of instant payment market participants



systems to attract the holders of cards issued under pay-roll projects whose number is quite large in Russia. By registering such card in the instant payment system, a cardholder gets an opportunity to manage his bank account through any of the system's terminals in order to make payments for goods and services without cash withdrawals.

One of the directions of instant payment systems development is the providing of electronic money services.

In general, the instant payments market is undergoing the stage of consolidation. In 2010, Russia registered a large number of merger and acquisition deals that could be divided into two groups: 1) when a payment system purchases a bank to reduce the costs of its core operations, simplify virtual card issuance, etc.; 2) when a bank purchases alternative financial service providers to develop its business.



Chapter 2. RUSSIAN PAYMENT SYSTEMS
AND FINANCIAL MARKET
INFRASTRUCTURES

2.1. THE BANK OF RUSSIA PAYMENT SYSTEM (BRPS)

The Bank of Russia Payment System, being systemically important in the payment system of the Russian Federation, remains a key element that ensures financial stability in the country. In 2010 it developed in compliance with the Bank of Russia Payment System Development Concept until 2015 approved by the Bank of Russia Board of Directors. The Concept envisages the formation of a single, universal, centralised on the federal level payment system that is intended to effect high priority and low priority payments, meets all the modern requirements and provides for the further development of the Bank of Russia payment system's functional capabilities and the extension of the range of its services.

2.1.1. Participants in the BRPS

As of January 1, 2011 the Bank of Russia Payment System comprised 608 Bank of Russia branches and 3,123 credit institutions (their branches).

As in the previous year, the number of the Bank of Russia Payment System participants decreased due to the optimization of the credit institutions' structure and the closing-down of settlement cash centres whose operational parameters didn't comply with the criteria set by the Bank of Russia.



The Bank of Russia Payment System also provided services to non-bank customers, whose number decreased by 17.8% from the beginning of the year to 12,115. This reduction occurred pursuant to Article 215.1 of the Budget Code of the Russian Federation, which required the transfer of cash service execution of the federal, regional and municipal budgets to the Federal Treasury and also resulted from the improved provision of services for the accounts of Russia's budget system.

2.1.2. Development of the BRPS

The efficient and smooth operation of the Bank of Russia Payment System is ensured by a set of rules and procedures for making payments. on the basis of the Bank of Russia own information and telecommunication infrastructure within the framework of the system of collective payment data processing and data security implementation.

As in previous years, the arrangements to develop the Bank of Russia Payment System, including efforts for risk mitigation and expansion of real-time payments, have allowed the Bank of Russia Payment System to preserve its dominant role in the national payment system.

In 2010 the total volume and value of payments made through the Bank of Russia Payment System³⁷ increased

³⁷ These include payments from the accounts of the Bank of Russia customers (credit institutions and customers that are non-bank organisations), and also the Bank of Russia own payments.

by 12.3% and 7.1%, respectively, to 1,059.0 million payments worth 653.4 trillion rubles. The average daily volume of payments made through the Bank of Russia Payment System grew from 3.8 million payments in 2009 to 4.3 million payments in 2010.

The ratio of the total value of payments made through the Bank of Russia Payment System to the gross domestic product (GDP) fell by 1.2 points in 2010 year on year to 14.5. This ratio decreased because the GDP grew faster in nominal terms than the total value of payments effected through the Bank of Russia Payment System.

The structure of payment flows in the Bank of Russia Payment System underwent no significant changes in the reporting period. As in previous years, payments made through the systems for intraregional electronic payments (VER) and interregional electronic payments (MER) prevailed, accounting for 77.4% and 22.5% of the total volume and 68.0% and 12.4% of the total value of these payments, respectively. The total value of payments effected through the Banking Electronic Speedy Payment system (the BESS system) continued to grow in 2010. As a result, the share of these transactions increased almost to 20% in the total value and 0.02% in the total volume of payments effected through the Bank of Russia Payment System. The share of payments made through payment systems using letters of advice remained insignificant (0.1% in volume and value).

As in previous years, payments made by credit institutions (their branches) dominated in the total amount of payments effected through the Bank of Russia Payment System in 2010, both by volume and value (83.2% and 78.7%, respectively).

The share of payments effected by non-bank customers in the total volume of payments made through the Bank of Russia Payment System slightly decreased and stood at 16.7%, but remained unchanged in the total value of payments (9.6%).

The share of the Bank of Russia own payments in the total volume of payments made through the Bank of Russia Payment System was unchanged from the previous year and amounted to 0.1%, but fell by 4.2 percentage points to 11.7% in the total value of payments as a result of a decrease in the Bank of Russia monetary policy operations under the conditions of a general economic recovery and a gradual phase-out of anti-recessionary measures.

In 2010 the Bank of Russia imposed new tariffs for the chargeable services of the Bank of Russia Payment System, taking into account the consumer price index growth. Under the Russian legislation, operations with budget funds at all the budget levels were effected by the Bank of Russia free of charge. The share of payments made free of charge by the customers of the Bank of Russia through the Bank of Russia Payment System in the total volume of their payments as com-

Chart 2.2. Payments effected through the Bank of Russia payment system

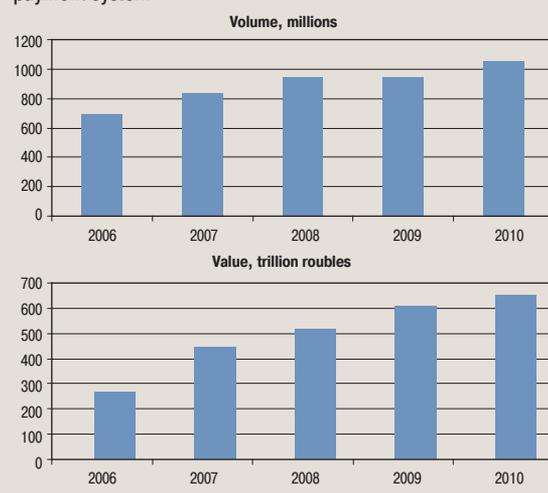


Chart 2.3. The volume of payments effected through the Bank of Russia Payment System in 2010 by payment systems (%)

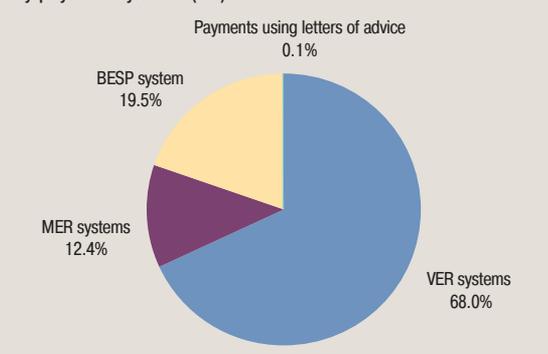


Chart 2.4. Share of credit institutions' payments in the total volume and value of payments effected through the Bank of Russia Payment System, %



pared with the previous year remained unchanged and amounted to 49.6%.

For the next few years the Bank of Russia will continue to implement the arrangements concerning a further comprehensive development of its own payment system in compliance with “The Bank of Russia Payment System Development Concept until 2015”.

2.1.3. Improvement of the technologies for effecting payments through the BRPS

The overwhelming majority of payments in the Bank of Russia Payment System are made using electronic technologies, which have been introduced at all the regional branches of the Bank of Russia (99.9% both in volume and value).

The Bank of Russia customers submit payment orders to the Bank of Russia primarily in the form of electronic messages using telecommunication channels. Some non-bank customers exchange paper-based payment documents with the Bank of Russia, then the payment orders are input and effected via the Bank of Russia Payment System electronically.

A total of 3,079 Bank of Russia customers – credit institutions (their branches), the Federal Treasury and its regional branches and other Bank of Russia non-bank customers participated in the exchange of electronic messages in 2010. The Bank of Russia customers – credit institutions (their branches) involved in the exchange of electronic messages with the Bank of Russia accounted for 98.6% of the total number of credit institutions (their branches) participating in the Bank of Russia Payment System.

In order to further expand the use of electronic technology in the Bank of Russia Payment System, the Bank of Russia has completed a set of measures that are intended to introduce electronic payments at the Bank of Russia Branch in the Republic of Ingushetia, as well as at the Bank of Russia branches in the Chechen Republic.

The Bank of Russia constantly oversees its payment system and assesses its accessibility for interregional and intraregional payments to ensure its robustness and continuous operation. The average monthly accessibility ratios of the Bank of Russia Payment System (that is, the system’s ability to accept payment orders from the Bank of Russia customers) ranged between 99.95% and 100% in 2010 (in 2009 between 99.99% and 100%) as to the paper-based payment documents. The same figure was between 99.62% and 99.95% (in 2009 between 99.49% and 99.94%) as in relation to electronic payment documents.

The Bank of Russia makes arrangements to reduce payments’ time-frames owing to a further development of electronic technologies.

In 2010 the average payments' time-frames, with an allowance for the volume of payments effected through the Bank of Russia Payment System using all the technologies, amounted to 0.6 days for intra-regional payments and 0.93 days for interregional payments.

The technical infrastructure of the Bank of Russia Payment System further developed taking into consideration the changes in the requirements for payment data processing caused, in the first place, by the increased number of the BESP system participants and the continued efforts to unify standard software systems used for payment data processing.

In order to ensure a centralization of the interregional electronic payments and a further transition to a single-level interaction between the electronic payment participants and the collective data processing centres, the Bank of Russia carried out the activities to develop the Electronic Settlement Transport System.

As part of the efforts to organise online electronic interaction between the Bank of Russia branches and its customers, deliver electronic payment messages and financial records between the participants, and provide for the use of uniform formats of electronic banking messages, the Unified Customer Interface (SVK) was put into operation between the Bank of Russia's Interregional IT Centre and its customers in Moscow and the Moscow Region. The Bank of Russia customers were switched over to the SVK-service at all of the Bank of Russia regional branches and the Interregional IT Centre.

For the purpose of ensuring information security of its payment systems, the Bank of Russia in 2010 continued its activities to develop integrated technological facilities and protective measures for the information security subsystems. As part of its efforts to switch over the Bank of Russia registration and operations system to the direct (single-level) interaction of participants with the collective data processing centres, including the VER, MER and BESP systems, the Bank of Russia carried out its activities to create an automated identification code key management system.

A BESP-SWIFT Gateway was put into operation to provide access to the BESP system through the Society for Worldwide Interbank Financial Telecommunications (SWIFT).

2.1.4. Development of the BESP system

In 2010 the Bank of Russia continued to develop the BESP system as a full-fledged mechanism for credit institutions' large-value speedy payments carrying out financial market payments, the Federal Treasury and its regional offices payments, as well as the Bank of Russia own payments.

Chart 2.5. Number of participants in the BESP system in 2010

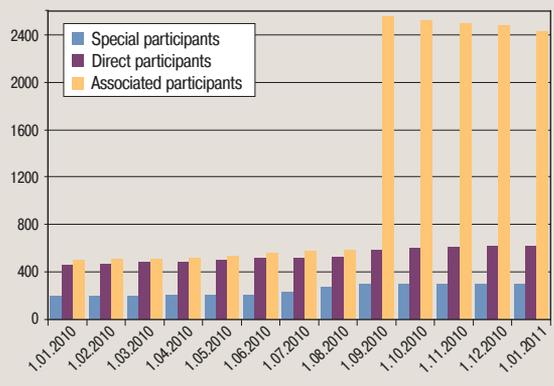


Chart 2.6. Value of payments effected through the BESP system in 2010, by type of participant, billion roubles

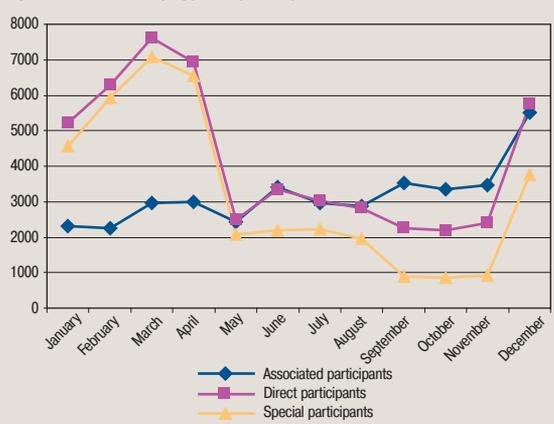
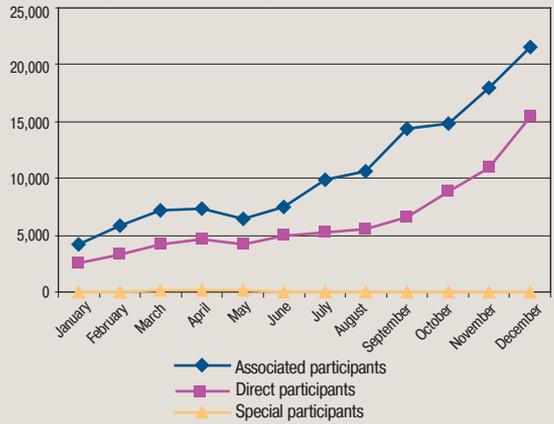


Chart 2.7. Volume of payments effected through the BESP system in 2010, by type of participant



As part of the efforts to form the International Financial Centre in the Russian Federation all the credit institutions (their branches) complying with the Bank of Russia requirements for the participation in the system were included in the list of the BESP system participants. In this connection, the BESP system's regulatory framework was amended. At the beginning of 2011 96.5% of all the credit institutions (their branches) involved in the exchange of electronic documents with the Bank of Russia were the BESP system participants.

In 2010 the Bank of Russia completed to shift to the BESP system the cash settlement of its own operations in the Stock Market of the Moscow Interbank Currency Exchange, the domestic government securities market and at the FX-market.

As of January 1, 2011 the BESP system comprised 3,343 participants, of which:

- 292, or 8.7% of the total number, were special participants of the BESP system (of these 76 were head settlement cash centres and 215 were settlement cash centres, and OPERU-1 (Operational Department) of the Bank of Russia);
- 621, or 18.6% of the total number, were direct participants of the BESP system (of these 192 – credit institutions and 429 – branches of credit institutions);
- 2,430, or 72.7% of the total number, were associated participants of the BESP system (of these 775 – credit institutions, 1,574 – branches of credit institutions and 81 – the Bank of Russia customers other than credit institutions (the Federal Treasury and its regional branches)).

The biggest participants in the BESP system were the National Settlement Depository³⁸, the Federal Treasury and Sberbank.

In 2010 the payments effected through the BESP system continued to grow in volume and, to a greater extent, in value. In 2009 the BESP system participants made over 63,000 payments totalling 106.6 trillion roubles, whereas in 2010 the number of payments effected through the BESP system more than tripled to 205,100 payments and their total value amounted to 127.3 trillion roubles.

The payments effected through the BESP system comprise the Bank of Russia payments in the financial markets, the Federal Treasury large-value payments, credit institutions' payments, including those generated by the financial market, and payments on behalf of the customers of credit institutions that are participants of the BESP system. Large-value payments effected through the BESP system reduce a systemic risk in the payment system of the Russian Federation and strengthen financial stability in the country.

³⁸ The MICEX Clearing House until November 2010.

Foreign practice in the Real Time Gross Settlement (RTGS) systems operation³⁹

The RTGS systems operate in more than 80 countries of the world, including all the member states of the European Union and practically all the industrialised countries. The availability of RTGS systems for the central banks of the EU member countries was a precondition for the integration of their national payment systems and a formation of a pan-European clearing and settlement system for euro payments – TARGET1⁴⁰, and eventually TARGET 2.

The global financial community pays great attention to the development of payment systems and the increase in their efficiency because they must facilitate the implementation of effective monetary policies. RTGS systems are systemically important and are viewed as a serious factor that helps enhance the sound operation of the financial sector and strengthen the stability of the economy as a whole. Ill-designed systems with insufficiently mitigated risks may trigger systemic crises, jeopardizing financial stability. These faults create a threat both to the system itself and its participants and the stability of domestic and international financial markets. In this connection the best practice standards that are used for country financial stability assessments include the Standard of the Committee on Payment and Settlement Systems of the Bank for International Settlements (CPSS BIS): “Core Principles for Systemically Important Payment Systems,” which implies the availability of the RTGS system.

In March 2011 the CPSS and the Technical Committee of the International Organisation of Securities Commissions developed and published a consultative report on the “Principles for Financial Market Infrastructures,” which incorporated both updated and newly developed international principles for systemically important payment systems, central securities depositories, securities settlement systems, central counterparties and trade repositories. The report offers 24 principles intended to replace the existing principles and recommendations for payment, clearing and settlement systems formulated in the “Core Principles for Systemically Important Payment Systems” and the “Recommendations for Securities Settlement Systems” published in 2001, and also in the “Recommendations for Central Counterparties” published in 2004.

The RTGS systems are centralised systems normally intended for effecting large-value high-priority payments. These systems ensure the finality of payment in real time.

The RTGS systems are normally owned and operated by central banks whose leading role is determined by the need to maintain financial stability, ensure the completion of settlements in the payment systems with the provision for this purpose of settlement accounts to payment system participants, and also by the central banks’ interest in the operation of money markets in order to implement their monetary policies and maintain confidence in the national currency both in normal and crisis conditions. The experience gained during the implementation of these functions predetermines the leading role of central banks in regulating the activities of systemically important payment systems. In many cases they are assigned to specific powers in this area.

³⁹ Real-Time Gross Settlement systems.

⁴⁰ Trans-European Automated Real-Time Gross Settlement Express Transfer System.

Table 2.1. Main characteristics of the operative RTGS systems, by CPSS BIS member country (as of the end of 2010)

Country	System name	System type	System owner/operator	Processing	Membership restrictions	Centralisation rate	Tariffs
1	2	3	4	5	6	7	8
Australia	RITS	L	CB	RTT	O	C	V
Belgium	TARGET2-BE	L	CB	RTT	R	C	F
Brazil	STR	L	CB	RTT	O	C	F
Great Britain	CHAPS Euro	L	B, CB	RTT	R	C	F
	CHAPS Sterling	L	B, CB	RTT	R	C	F
Germany	TARGET2-BBk	L	CB	RTT	R	C	F
Hong Kong	HKD CHATS	L, FX	CB, B	RTT	O	C	F
	USD CHATS	L, FX	CB, B	RTT	O	C	F
	EUR CHATS	L, FX	CB, B	RTT	O	C	F
	RMB CHATS	L, FX	CB, B	RTT	O	C	F
India	RTGS	L	CB	RTT	R	C	⊗
Italy	TARGET2-BDI	L	CB	RTT	O	C	F
China	HVPS	L	CB	RTT	O	C	F
Korea	BOK-Wire+	L	CB	RTT	R	C	F
Netherlands	TARGET2-NL	L	CB	RTT	R	C	F
	FXYCS	L	B	RTT	R	C	F
Russia	BESP	L	CB	RTT	R	C	S
Saudi Arabia	SARIE	L, R	CB	RTT	R	C	F
Singapore	MEPS+IFT	L	CB	RTT	O	C	V
USA	Fedwire	L	CB	RTT	O	C	F
Turkey	TIC-RTGS	L, R	CB	RTT	O	C	F
France	TARGET2-BDF	L	CB	RTT	R	C	F
Sweden	E-RIX	L	CB	RTT	R	C	F
	K-RIX	L	CB	RTT	R	C	F
Switzerland	SIC	L, R	B, CB	RTT	O	C	F
South Africa	SAMOS	L, R	CB	RTT	R	C	F
Japan	BOJ-NET	L	CB	RTT	R	C	V
	FXYCS	L	B	RTT	R	C	F
EEC	TARGET	L	CB, B, PA	RTT	R, O	C	F

Abbreviations:

L - large-value payment system;

R - retail payment system;

FX - foreign exchange settlement system;

CB - central bank;

B - commercial banks;

RTT (real-time transmission) – the transfer of payment instructions for money transfers on an individual and real-time basis;

O (open) – open membership (any bank can apply for membership);

R (restricted) – restricted membership (pursuant to the established criteria);

C (centralised) – one processing centre that handles all payment instructions and makes settlements across accounts;

D (decentralised) – existence of more than one processing centre;

PA – payment association;

F (full cost) – full coverage of transaction costs (including investments);

V (variable cost) – existing tariffs are close to the transaction cost;

S (symbolic cost) – below the transaction cost;

⊗ (no cost) – free of charge services.

2.2. FINANCIAL MARKET INFRASTRUCTURES

The clearing and settlement infrastructures of the MICEX and RTS Groups are the most significant financial market infrastructures operating in the Russian Federation and providing clearing and settlement of funds and securities for transactions conducted in the exchange and over-the-counter (OTC) market.

The clearing infrastructures comprise the Moscow Interbank Currency Exchange (MICEX), a closed joint-stock company, the National Clearing Centre (NCC), a closed joint-stock commercial bank, the RTS Clearing Centre, a closed joint-stock company, and the Depository and Clearing Company (DCC), a closed joint-stock company.

The infrastructures settling the cash legs of securities transactions comprise the National Settlement Depository (NSD), a non-bank credit institution, a closed joint-stock company,⁴¹ and the RTS Settlement House, a non-bank credit institution, a limited liability company.

The infrastructures transferring securities comprise NSD, DCC and the Settlement Depository Company (SDC), a closed joint-stock company.

Table 2.2. Russian clearing and settlement infrastructures

Markets	Clearing infrastructure	Settlement infrastructure	
		Funds	Securities
Government securities market and money market	MICEX	NSD	
Stock market	MICEX	NSD	
	RTS Clearing Centre	RTS Settlement House	DCC SDC
Foreign currency market	National Clearing Centre ⁴²	NSD	Not applicable
Derivatives market	MICEX	NSD	Not applicable
	RTS Clearing Centre	RTS Settlement House	
Commodity derivatives market	MICEX	NSD	Not applicable
OTC market	MICEX	NSD	
	DCC	RTS Settlement House	DCC

⁴¹ The NSD was founded in November, 2010 as a result of the merger between the National Depository Centre, a closed joint-stock company, and the Settlement House of the Moscow Interbank Currency Exchange, a non-bank credit institution, a closed joint-stock company.

⁴² The following foreign banks have been determined as settlement banks with correspondent accounts opened for the National Clearing Centre (a closed joint-stock commercial bank) for settlements between clearing participants in the foreign exchange market in foreign currency (the US dollar, the euro, the Belarusian ruble, the Ukrainian hryvnia and the Kazakh tenge): JPMorgan Chase Bank (New York, USA); the Bank of New York (New York, USA); JPMorgan AG (Frankfurt am Main, Germany); Deutsche Bank (Frankfurt am Main, Germany); Bank TuranAlem, a closed joint-stock company (Almaty, the Republic of Kazakhstan); Belvnesheconombank, an open joint-stock company (Minsk, the Republic of Belarus); Privatbank, a closed joint-stock commercial bank (Dnepropetrovsk, Ukraine).

2.2.1. Clearing infrastructures

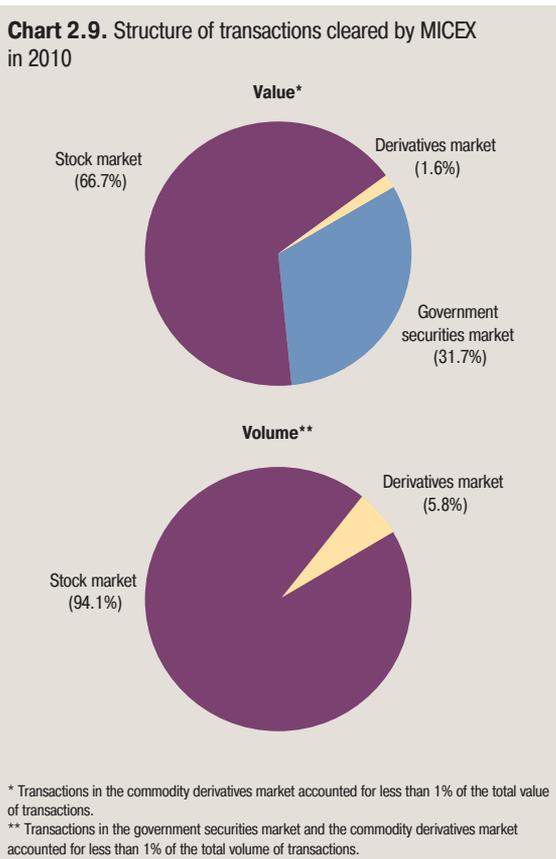
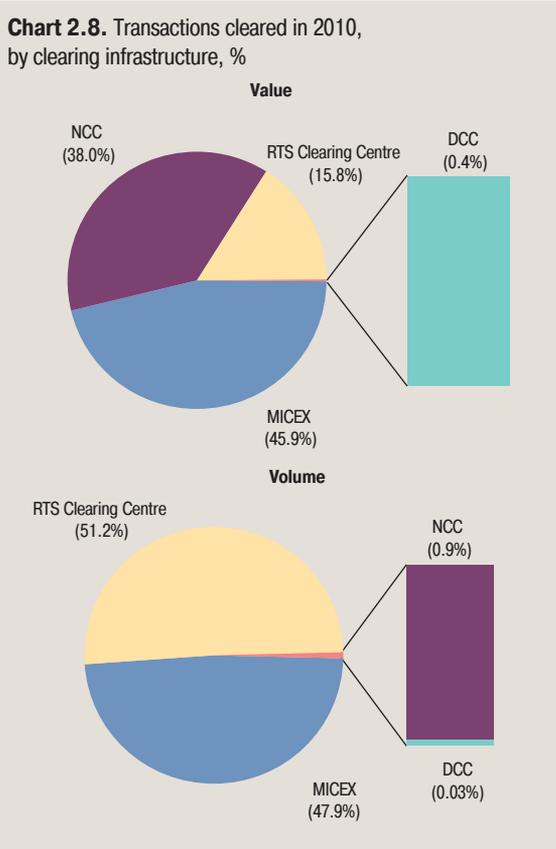
A total of 245.1 million transactions worth 209.4 trillion rubles were cleared by the major clearing infrastructures in 2010, of which the MICEX accounted for 47.9% of the total volume and 45.9% of the total value of these transactions (117.4 million transactions worth 96.0 trillion rubles), the RTS Clearing Centre accounted for 51.2% in volume and 15.8% in value (125.5 million transactions worth 33.2 trillion rubles), the National Clearing Centre accounted for 0.9% in volume and 38.0% in value (2.1 million transactions worth 79.5 trillion rubles) and the Depository Clearing Company accounted for 0.03% in volume and 0.4% in value, respectively (0.1 million transactions worth 0.7 trillion rubles).

MICEX

MICEX provides clearing services for transactions concluded in the stock market, the government securities market, the derivatives market, the commodity derivatives market, and also for OTC repo transactions with the Bank of Russia.

The value of transactions cleared by the MICEX grew by 27.0% in 2010 year on year to 96.0 trillion rubles, while their volume increased inconsiderably in the period under review. The value of the transactions in the stock market grew 1.6 times to 64.0 trillion rubles, and 2.3 times to 1.5 trillion rubles in the derivatives market. At the same time, the value of these transactions fell by 7.3% to 30.5 trillion rubles in the government securities market and by 2.4% to 0.04 trillion rubles in the commodity derivatives market. There were no OTC repo transactions with the Bank of Russia in 2010, which affected the structure of the value of transactions as a whole. The share of the value of transactions conducted in the stock market increased from 53.8% in 2009 to 66.7% in 2010 and from 0.9% to 1.6% in the derivatives market, but fell by almost 12 percentage points to 31.7% in the government securities market.

As in the previous year, transactions in the stock market prevailed in the structure of transactions by volume. At the same time, their share decreased from 99.6% to 94.1% year on year to 110.5 million transactions as the number of these transactions contracted by 4.6%. The volume of transactions cleared in the derivatives market increased significantly (21.7 times to 6.8 million transactions), which was largely attributable to the implementation of projects based on the market development strategy. This indicator was also influenced by the low base effect. Nevertheless, this market segment held an inconsiderable share in the MICEX clearing activity: these transactions accounted for only 5.8% of the total number of transactions cleared in 2010, even though their volume increased noticeably since 2009 (by 0.3%). Transactions in the government securities market and the commodity derivatives market accounted for less than 1.0% of the total volume of transactions cleared



by MICEX and the number of these transactions decreased by 6.3% and 34.8%, respectively, as compared with 2009.

The number of MICEX clearing participants⁴³ in the commodity derivatives market increased 3.3 times year on year to 53 participants as of end of 2010, and in the government securities market it grew by 1% to 303 participants. At the same time, the number of MICEX clearing participants contracted by 14.5% to 600 participants in the stock market and by 0.5% to 186 participants in the derivatives market. As in the previous year, the number of MICEX clearing participants for OTC repo transactions with the Bank of Russia stood at 139 participants.

MICEX interacts with NSD in the settlement of funds and securities.

As part of the efforts to develop MICEX clearing infrastructure, from February 15, 2010, the MICEX clearing participants were offered the service of clearing with the central counterparty for stock market transactions with MICEX Index shares and bonds with high reliability ratings⁴⁴.

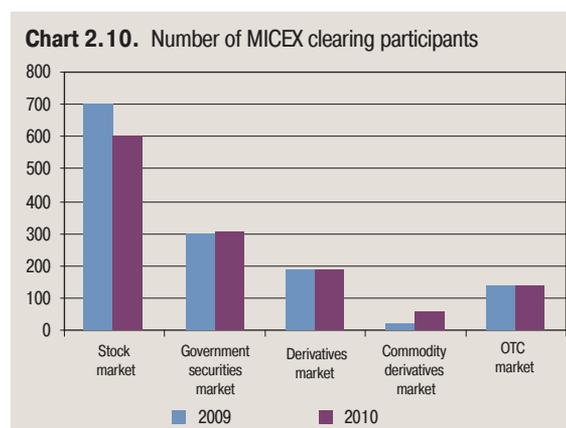
RTS Clearing Centre

The RTS Clearing Centre provides services of a central counterparty.

Transactions with the central counterparty are based on an “open offer” principle. The RTS Clearing Centre assumes the obligations of its participants, determines the quantity of securities and the amount of funds that must be contributed by the participants.

“Open offer” is one of the widespread legal schemes of involving the central counterparty in transactions. When the trading system finds two counter offers with their terms sufficient for concluding a transaction, it registers two transactions where the central counterparty acts as a party in each of the two deals. Transactions between two parties, whose offers were compared and combined by the trading system, are not concluded. Therefore, a trading participant is never exposed to credit risk relative to other trading participants.

“Novation” is another legal scheme of involving the central counterparty as a party to a transaction. This scheme has become widespread in the countries whose legislation, as opposed to Russian law, sets no limits requiring that a novated obligation must differ from the original obligation by the subject matter or



⁴³ One financial institution might be counted twice or more times for different transactions in different markets.

⁴⁴ From March 2011, central counterparty clearing for stock market transactions was suspended.

Chart 2.11. Structure of transactions cleared by the RTS Clearing Centre in 2010, %

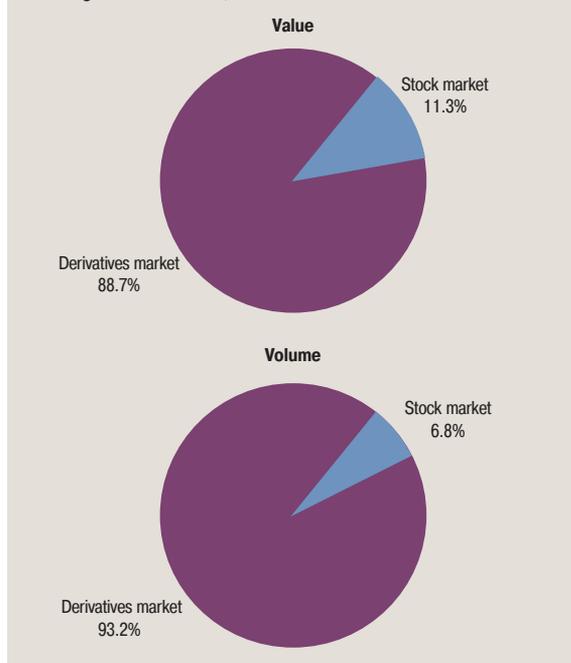


Chart 2.12. Number of the RTS Clearing Centre participants



the method of execution. As part of novation, two trading participants conclude a bilateral transaction, which is registered in the trading system. The rights and obligations comprising the substance of the transaction are transferred to the central counterparty. After the transaction is registered by the central counterparty, two deals are entered into the clearing system: one is between the central counterparty and the seller and the other – between the central counterparty and the buyer. In case of novation, trading participants bear credit risks of their counterparties from the moment the transaction is concluded to the moment the transaction is registered by the central counterparty, i.e. until novation takes place.

The value of transactions cleared by the RTS Clearing Centre in 2010 grew 2.1 times, year on year, to 33.2 trillion rubles. The value of these transactions rose 2.4 times to 3.8 trillion rubles in the stock market and 2.1 times to 29.4 trillion rubles in the derivatives market. The share of the value of transactions in the stock market increased from 10.1% in 2009 to 11.3% in 2010, whereas this share in the derivatives market contracted by 1 percentage point to 88.7% but continued to prevail in the structure of the value of transactions cleared by the RTS Clearing Centre.

The volume of transactions decreased 3.8 times in 2010 year on year to 125.5 million due to a dramatic fall in the number of transactions in the derivatives market (the number of these deals contracted 4.1 times to 117.0 million). At the same time, the number of transactions in the stock market increased considerably (their volume grew 2.6 times to 8.5 million). This changed the structure of the volume of transactions by market segment: the share of the volume of transactions in the stock market grew from 0.7% in 2009 to 6.8% in 2010, whereas in the derivatives market this share dropped from 99.3% to 93.2%.

At the end of 2010, the RTS Clearing Centre system comprised 382 participants. Compared with 2009, the number of RTS Clearing Centre participants⁴⁵ increased by 53.0% to 352 participants in the stock market and by 8.5% to 141 participants in the derivatives market. Their number increased in the derivatives market also due to the fact that from April 16, 2010 the RTS Clearing Centre started to conduct the clearing of obligations on derivatives contracts concluded at the St. Petersburg Exchange and from June 21, 2010 – at the Moscow Energy Exchange.

The RTS Clearing Centre interacts with the Depository Clearing Company (DCC) and the Settlement Depository Company (SDC) for the transfer of securities and with the RTS Settlement House for cash settlements on securities transactions.

⁴⁵ One and the same financial institution may be counted twice for different transactions in different markets.

National Clearing Centre (NCC)

NCC performs the function of a central counterparty for foreign currency transactions in the foreign exchange market. Transactions with the central counterparty are based on the “open offer” principle.

The value of transactions, for which clearing was conducted by NCC, decreased by 17.2% in 2010 year on year to 79.5 trillion rubles, while the volume of these transactions grew by 35.2% to 2.1 million.

The number of NCC clearing participants increased by 4.0% in 2010 year on year to 489 participants as of end of 2010.

NCC interacts with NSD for settlements in Russian rubles. Settlements in foreign currency are effected by foreign banks, in which the NCC's correspondent accounts have been opened.

Depository Clearing Company (DCC)

DCC provides clearing services for OTC transactions.

The value of transactions, for which clearing was conducted by DCC, increased 2.1 times in 2010 year on year to 0.7 trillion rubles, while the volume of these transactions grew by 7.5% to 61,300.

The number of the DCC clearing participants was unchanged from 2009 and stood at 182 participants.

DCC interacts with the RTS Settlement House for the settlement of funds.

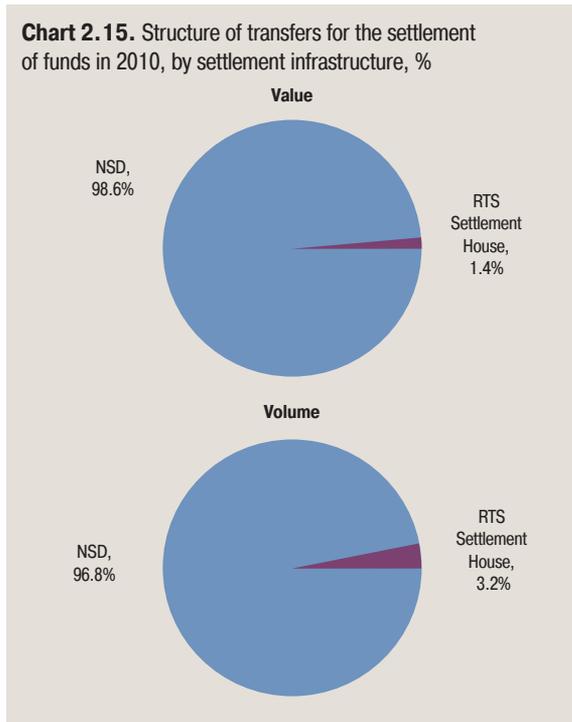
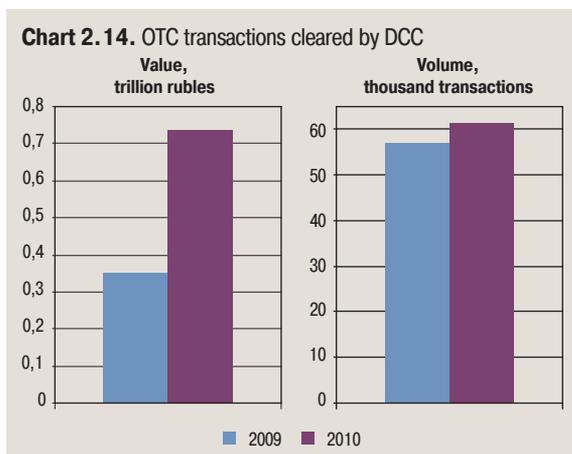
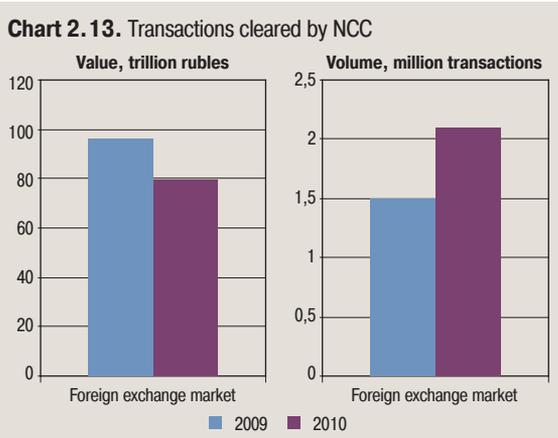
2.2.2. Settlement infrastructures

The most significant settlement infrastructures providing their services for the settlement of funds handled 1.5 million transfers worth 161.4 trillion rubles in 2010. Of these, NSD accounted for 96.8% of the total volume and 98.6% of the total value of these transactions (1.5 million transfers worth 159.1 trillion rubles), and the RTS Settlement House accounted for 3.2% and 1.4%, respectively (0.05 million transfers worth 2.3 trillion rubles).

As of end of 2010, the NSD funds settlement system comprised 879 participants and the RTS Settlement House provided services to 346 participants.

National Settlement Depository (NSD)

NSD settles cash legs of transactions executed in the stock market, the government securities and money markets, the foreign exchange market, for OTC repo transactions with the Bank of Russia, and also provides services for the transfer of margins for transactions concluded in the derivatives and commodity derivatives markets. In addition, the NSD offers the settlement services for securities.



For the final settlement of funds for transactions with securities executed at the exchange, NSD is connected to the Bank of Russia's RTGS system – the Bank of Russia BSP system, in which NSD has an account. This account is used for the preliminary depositing of funds of market participants and for the final settlement of funds for securities transactions using the BSP system for market participants authorised by NSD.

In 2010, NSD handled 1.5 million transfers worth 159.1 trillion rubles. The volume and the value of these transactions decreased considerably as compared with 2009 (121.5 times and 1.8 times, respectively), which was largely attributable to a sharp decline in business activity in the OTC market due to the absence of OTC repo transactions with the Bank of Russia in the year under review. Settlements in the foreign exchange market, on the contrary, grew considerably both in volume (2.3 times to 326,400 transactions) and value (1.9 times to 74.7 trillion rubles). The volume and the value of transfers effected for the settlement of transactions in the government securities and money markets also increased (they grew by 4.1% to 140,500 transactions and by 2.6% to 20.0 trillion rubles, respectively). The volume of transfers for transactions in the stock market rose by 9.3% to 984,600 operations, while their value remained virtually unchanged and amounted to 62.1 trillion rubles (62.4 trillion rubles in 2009). The volume of transfers for transactions in the derivatives market and the commodity derivatives market grew by 50.8%, whereas their value decreased 3.4 times, which was due to the contraction in the average transaction amount from 625,000 rubles to 144,000 rubles.

The structure of transactions handled by NSD underwent considerable changes. As compared with 2009, when settlements for OTC transactions accounted for 99.0% of the total volume and 56.1% of the total value of all operations, the larger part of transfers in 2010 was related to transactions in the stock and foreign exchange markets. They accounted for 67.0% and 22.2% of the total volume of transfers (0.5% and 0.1% in 2009) and 39.0% and 47.0% of their total value, respectively (21.3% and 13.3% in 2009). Settlements for OTC transactions accounted for less than 0.1% of the total volume and the total value of operations. The share of transfers for transactions in the government securities and money markets increased from 0.1% in 2009 to 9.6% in 2010 in the total volume of settlements and from 6.7% to 12.6% in their total value. As in the previous year, settlements for transactions in the derivatives market and the commodity derivatives market held an inconsiderable share, accounting for 1.2% of the total volume and 1.4% of the total value of transfers.

The number of the NSD's customers slightly decreased in 2010 year on year to 879 participants as of end of 2010. Of these, 667 customers performed operations in the foreign exchange market, 640 – in the stock market, 329 – in the government securities and money markets,

291 – in the OTC market, 175 – in the derivatives market and 22 – in the commodity derivatives market.

The net turnover of funds across customer accounts opened with NSD and used in transaction settlements fell by 45.5% over the year to 119.8 trillion rubles.

**RTS Settlement House,
a non-bank credit institution (NBCI),
a limited liability company (LLC)**

The RTS Settlement House settles cash legs for transactions conducted in the stock market and the OTC market and provides services for the transfer of margins in transactions conducted in the derivatives market.

The volume and the value of transfers effected by the RTS Settlement House increased 1.7 times and 3.1 times in 2010 year on year to 47,800 transactions worth 2.4 trillion rubles. The volume of settlements for transactions in the derivatives market grew 2.6 times to 20,800 operations, while their value increased 21.6 times to 1.6 trillion rubles. There was also growth in settlements for transactions in the stock market, which increased 1.4 times in volume to 6,600 operations and 3.9 times in value to 0.2 trillion rubles. The number of transfers for OTC transactions grew by 31.6% to 20,400 operations, whereas their value contracted by 11.6% to 0.6 trillion rubles.

The substantial growth in the value of settlements for transactions in the derivatives market and the contraction of this indicator in the OTC market considerably influenced the overall structure of settlements. The value of settlements for transactions in the derivatives market grew almost 7 times to 68.4% of the total value of transfers, whereas the value of settlements for operations in the OTC market contracted from 83.9% in 2009 to 23.8% in 2010. Transfers for transactions in the stock market accounted for 7.8% of the total value of settlements (6.3% in 2009).

Settlements for derivatives transactions whose volume increased 1.6 times from 2009 also accounted for a considerable share in the total volume of transfers conducted by the RTS Settlement House (43.5%). The share of transfers for OTC transactions fell by 12.3 percentage points to 42.7%. Settlements for stock market transactions accounted for 13.8% of the total volume of transfers (17.0% in 2009).

As of end of 2010, the RTS Settlement House offered services to 346 customers, or by 34.4% less than a year earlier. Of these, 254 customers performed operations in the stock market, 64 – in the derivatives market and 247 – in the OTC market.

Chart 2.16. Structure of funds transfers handled by NSD in 2010, by market segment, %

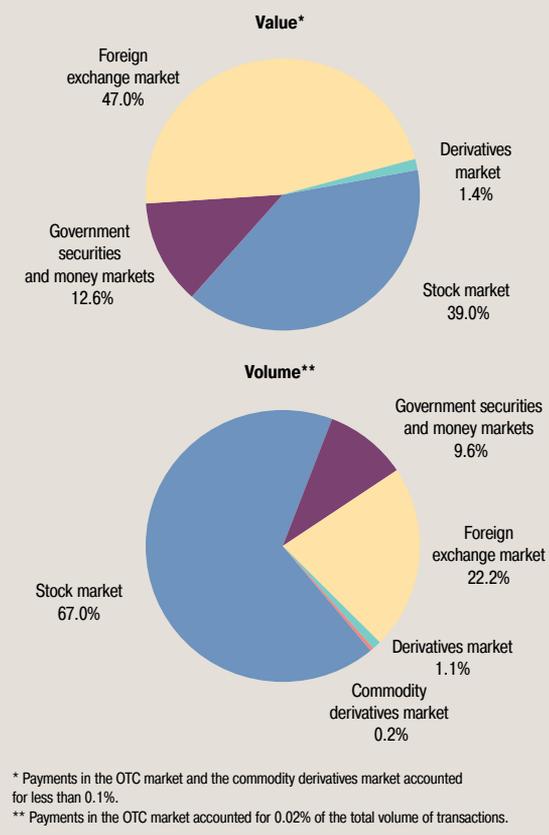
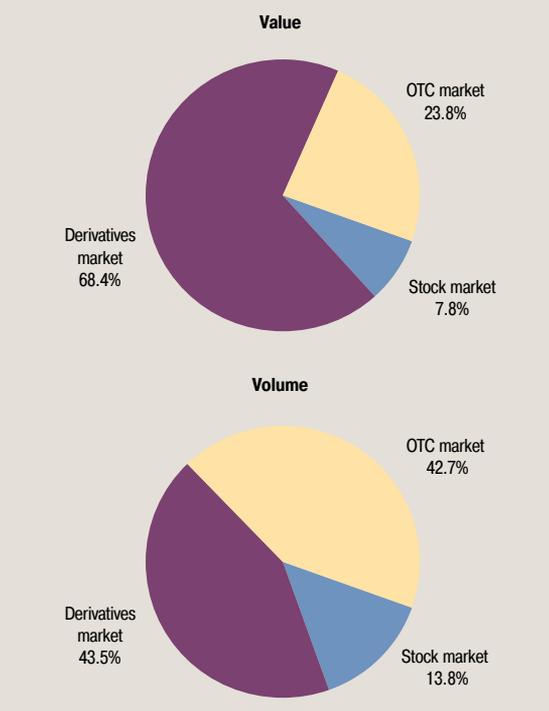
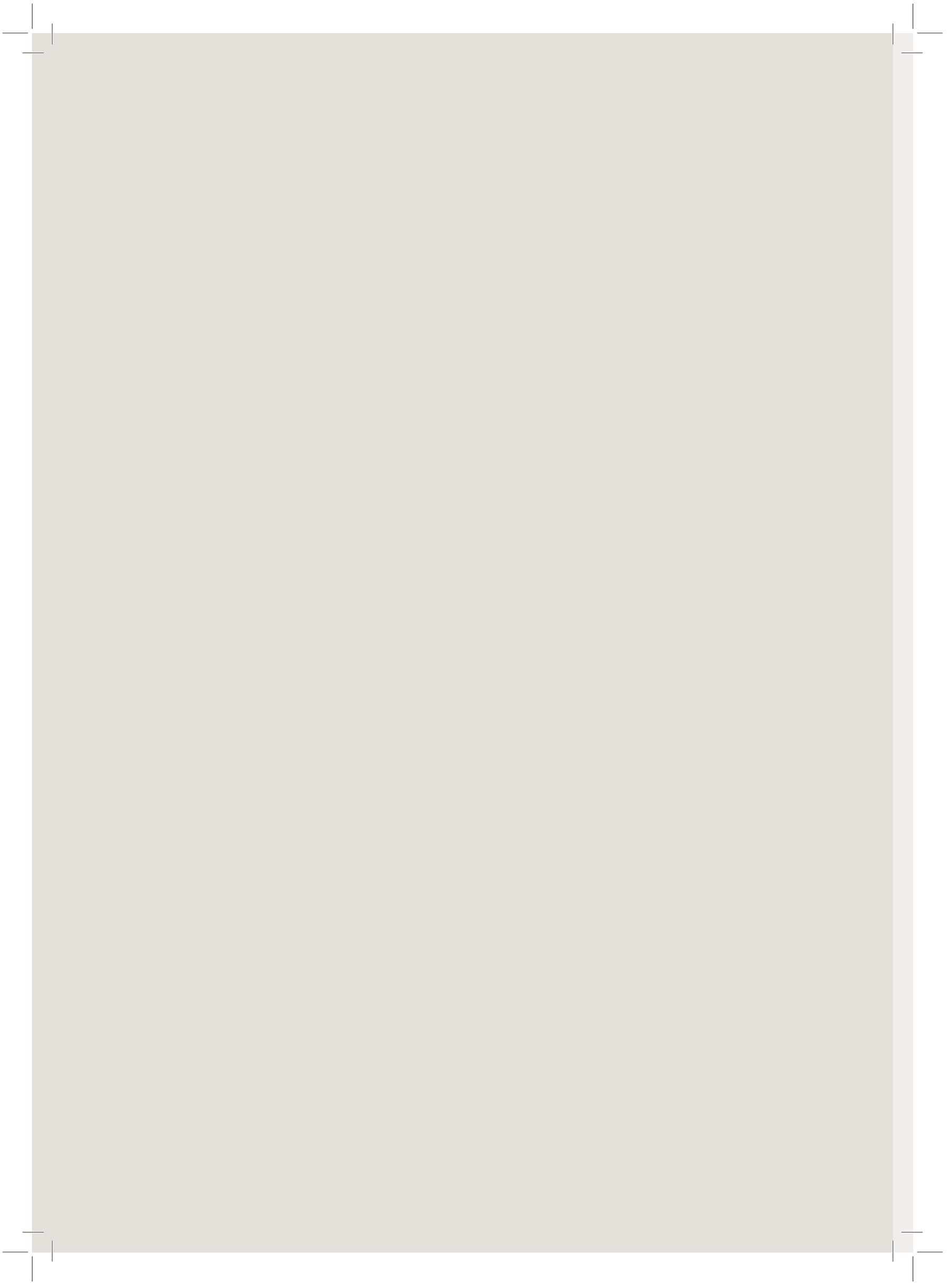


Chart 2.17. Structure of funds transfers effected by the RTS Settlement House in 2010, by market segment, %





ADDENDUM



PAYMENT SERVICES PROVIDED BY CREDIT INSTITUTIONS BY REGION

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Table 1. Credit transfers⁴⁶ (in rubles and foreign currency): by volume

thousands

Russian federal district/territory	Total credit transfers		of which credit transfers were made using					
			payment orders		letters of credit		individuals documents	
	2009	2010	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7	8	9
Far Eastern Federal District	53,073	57,149	44,907	43,562	0	1	8,165	13,586
Amur Region	6,002	5,983	5,178	4,449	0	0	824	1,535
Jewish Autonomous Region	557	696	521	567	0	0	36	129
Kamchatka Territory	2,303	2,956	1,914	2,301	0	0	389	655
Magadan Region	2,106	2,323	831	996	0	0	1,275	1,327
Primorye Territory	18,470	16,335	15,678	11,288	0	0	2,791	5,046
Republic of Sakha (Yakutia)	5,572	7,747	4,447	4,998	0	0	1,125	2,749
Sakhalin Region	4,103	4,971	3,589	4,265	0	0	514	706
Khabarovsk Territory	13,638	15,707	12,438	14,364	0	1	1,200	1,343
Chukotka Autonomous Area	322	430	311	334	0	0	10	96
Volga Federal District	304,405	521,245	176,049	193,695	4	4	128,352	327,545
Kirov Region	9,579	10,486	8,149	8,246	0	0	1,429	2,239
Nizhny Novgorod Region	43,653	52,616	25,946	32,416	0	0	17,707	20,199
Orenburg Region	16,407	20,225	8,095	8,627	0	0	8,312	11,598
Penza Region	18,821	19,888	6,988	6,548	0	1	11,832	13,340
Perm Territory	31,995	33,883	16,828	18,646	0	0	15,167	15,237
Republic of Bashkortostan	22,343	42,182	16,194	25,030	0	0	6,149	17,152
Republic of Mari El	4,740	7,795	2,774	2,522	1	0	1,965	5,273
Republic of Mordovia	7,565	8,706	3,556	3,625	0	0	4,009	5,081
Republic of Tatarstan (Tatarstan)	46,342	51,147	28,570	27,050	0	1	17,772	24,097
Samara Region	34,571	215,433	25,396	25,626	0	0	9,174	189,807
Saratov Region	19,755	20,594	14,518	14,517	0	0	5,236	6,077
Udmurtian Republic	29,811	16,299	7,756	9,279	2	1	22,053	7,020
Ulyanovsk Region	11,520	13,245	5,729	6,160	0	0	5,791	7,085
Chuvash Republic – Chuvashia	7,303	8,746	5,547	5,405	0	0	1,756	3,341
Northwestern Federal District	246,262	274,573	121,889	136,615	1	6	124,372	137,952
Arkhangelsk Region	12,743	11,749	6,015	8,191	0	0	6,728	3,558
Vologda Region	19,968	21,051	8,563	11,738	0	0	11,405	9,313
Kaliningrad Region	17,433	28,798	6,130	6,466	0	0	11,302	22,333
Leningrad Region	21,441	23,192	6,013	6,040	0	0	15,429	17,152
Murmansk Region	14,517	17,237	4,875	4,744	0	0	9,643	12,493
Novgorod Region	9,358	9,912	3,522	3,756	0	0	5,836	6,156
Pskov Region	8,788	9,305	3,168	3,262	0	0	5,619	6,044
Republic of Karelia	11,040	11,998	3,929	3,928	0	0	7,111	8,070
Komi Republic	11,175	11,212	5,302	5,657	0	0	5,873	5,555
St. Petersburg	119,799	130,118	74,372	82,834	1	6	45,426	47,279
North Caucasus Federal District	20,341	27,173	17,616	18,067	0	1	2,726	9,106
Kabardino-Balkarian Republic	1,376	1,851	1,098	924	0	0	278	927
Karachayev-Republic	809	1,244	495	530	0	0	314	714
Republic of Daghestan	2,043	2,392	1,443	1,025	0	0	600	1,367
Republic of Ingushetia	231	399	202	254	0	0	29	145
Republic of North Ossetia – Alania	1,334	1,526	1,272	1,302	0	0	62	224
Stavropol Territory	14,308	18,770	13,057	13,865	0	0	1,251	4,905
Chechen Republic	241	991	49	168	0	0	192	823

⁴⁶ Including payments by customers of credit institutions (individuals and legal entities other than credit institutions) and credit institutions' own payments.

Russian federal district/territory	Total credit transfers		of which credit transfers were made using					
			payment orders		letters of credit		individuals documents	
	2009	2010	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7	8	9
Siberian Federal District	191,328	238,089	128,755	143,987	2	5	62,570	94,097
Altai Territory	27,185	26,431	22,669	19,870	0	0	4,516	6,560
Trans-Baikal Territory	4,091	4,866	2,995	3,448	0	0	1,095	1,417
Irkutsk Region	14,185	16,138	11,052	12,381	0	1	3,133	3,757
Kemerovo Region	25,814	32,588	13,945	16,884	0	0	11,869	15,704
Krasnoyarsk Territory	22,715	26,384	14,069	15,458	1	1	8,645	10,925
Novosibirsk Region	53,974	73,254	31,380	37,866	0	1	22,593	35,387
Omsk Region	25,581	31,086	18,727	22,851	0	1	6,853	8,235
Republic of Altai	908	1,164	509	576	0	0	400	588
Republic of Buryatia	5,896	7,586	5,179	5,203	0	0	717	2,383
Republic of Tyva	864	880	369	356	0	0	496	524
Republic of Khakassia	2,610	3,426	1,964	2,392	0	0	646	1,034
Tomsk Region	7,505	14,288	5,897	6,703	0	0	1,608	7,585
Urals Federal District	132,566	195,454	94,366	100,390	1	6	38,199	95,057
Kurgan Region	4,727	5,127	3,300	3,297	0	0	1,427	1,830
Sverdlovsk Region	46,875	71,457	36,269	42,592	0	0	10,606	28,865
Tyumen Region	41,767	44,774	31,526	31,693	0	5	10,241	13,076
Chelyabinsk Region	39,197	74,095	23,272	22,809	0	1	15,925	51,285
Central Federal District	781,229	993,550	387,355	419,548	6	29	393,867	573,973
Belgorod Region	15,659	12,067	8,058	7,340	0	0	7,601	4,727
Bryansk Region	8,965	9,454	4,471	4,076	0	0	4,494	5,378
Vladimir Region	12,362	15,743	7,480	8,779	1	0	4,881	6,963
Voronezh Region	35,160	38,014	11,202	12,229	0	0	23,958	25,785
Ivanovo Region	7,957	11,488	4,380	5,576	0	0	3,577	5,912
Kaluga Region	7,645	13,185	4,786	5,139	0	0	2,859	8,046
Kostroma Region	10,103	11,565	3,604	3,997	0	0	6,499	7,568
Kursk Region	9,979	8,008	7,142	5,093	0	0	2,836	2,915
Lipetsk Region	7,484	8,274	6,156	6,550	0	0	1,327	1,724
Moscow and Moscow Region	597,948	779,677	291,809	322,519	5	27	306,134	457,130
Orel Region	3,683	4,364	2,868	3,033	0	0	815	1,331
Ryazan Region	6,454	10,359	5,326	5,502	0	1	1,127	4,856
Smolensk Region	5,488	13,610	4,258	4,329	0	0	1,231	9,281
Tambov Region	3,640	5,700	2,757	2,762	0	0	884	2,938
Tver Region	16,145	15,936	6,559	6,279	0	0	9,586	9,658
Tula Region	11,503	15,178	6,716	6,557	0	0	4,787	8,622
Yaroslavl Region	21,056	20,927	9,785	9,788	0	0	11,271	11,139
Southern Federal District	152,262	173,876	71,458	75,498	1	1	80,803	98,377
Astrakhan Region	10,488	10,644	3,360	3,405	0	0	7,127	7,238
Volgograd Region	30,229	20,563	11,951	11,702	0	0	18,278	8,861
Krasnodar Territory	55,366	63,380	29,339	32,094	0	0	26,026	31,285
Republic of Adygea (Adygea)	3,072	3,066	1,113	1,293	0	0	1,958	1,773
Republic of Kalmykia	739	776	496	490	0	0	243	286
Rostov Region	52,369	75,448	25,198	26,514	1	1	27,170	48,933
Russia total	1,881,465	2,481,109	1,042,395	1,131,362	17	54	839,053	1,349,692

Table 2. Credit transfers⁴⁷ (in rubles and foreign currency): by value

billion rubles

Russian federal district/territory	Total credit transfers		of which credit transfers were made using					
			payment orders		letters of credit		individuals documents	
	2009	2010	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7	8	9
Far Eastern Federal District	6,501	7,649	6,366	7,498	4	3	131	148
Amur Region	649	957	640	943	0	0	8	14
Jewish Autonomous Region	28	31	27	30	0	0	1	1
Kamchatka Territory	253	287	245	277	0	0	7	10
Magadan Region	132	184	127	178	0	0	5	6
Primorye Territory	2,268	2,387	2,215	2,339	1	1	53	47
Republic of Sakha (Yakutia)	727	814	704	790	0	0	22	24
Sakhalin Region	433	538	419	523	0	0	14	14
Khabarovsk Territory	1,942	2,387	1,918	2,355	3	2	21	30
Chukotka Autonomous Area	71	64	70	63	0	0	0	1
Volga Federal District	29,951	34,353	29,566	33,829	9	11	375	513
Kirov Region	695	785	688	770	0	0	7	15
Nizhny Novgorod Region	6,537	7,271	6,491	7,206	0	1	45	64
Orenburg Region	1,054	1,343	1,034	1,311	0	2	20	30
Penza Region	468	518	455	499	1	1	13	18
Perm Territory	2,978	3,397	2,934	3,342	0	0	44	55
Republic of Bashkortostan	2,612	3,720	2,559	3,649	1	0	52	70
Republic of Mari El	185	257	180	251	1	0	4	6
Republic of Mordovia	341	439	335	431	0	0	5	7
Republic of Tatarstan (Tatarstan)	6,448	7,758	6,379	7,686	3	2	66	71
Samara Region	4,707	4,792	4,651	4,698	3	3	53	91
Saratov Region	1,536	1,762	1,506	1,722	0	1	30	39
Udmurtian Republic	1,419	1,145	1,399	1,123	0	1	20	21
Ulyanovsk Region	545	698	534	683	0	0	10	15
Chuvash Republic – Chuvashia	426	466	420	458	0	0	6	8
Northwestern Federal District	25,546	28,761	25,203	28,375	9	30	334	356
Arkhangelsk Region	987	980	972	963	0	1	15	16
Vologda Region	1,027	1,143	1,012	1,120	1	3	15	20
Kaliningrad Region	1,133	1,133	1,119	1,113	0	0	14	20
Leningrad Region	658	767	628	726	0	0	30	40
Murmansk Region	589	582	559	560	0	0	30	22
Novgorod Region	308	349	298	339	0	0	9	10
Pskov Region	259	287	253	279	0	0	7	8
Republic of Karelia	280	326	272	313	0	0	9	13
Komi Republic	812	960	790	935	0	0	22	25
St. Petersburg	19,492	22,232	19,300	22,025	8	25	184	182
North Caucasus Federal District	2,119	2,702	2,081	2,635	1	2	38	66
Kabardino-Balkarian Republic	172	253	170	247	0	0	2	6
Karachayevo-Circassian Republic	71	93	69	91	0	0	2	2
Republic of Daghestan	241	267	226	249	0	0	15	18
Republic of Ingushetia	73	92	72	90	0	0	2	2
Republic of North Ossetia – Alania	102	128	101	126	0	0	1	2
Stavropol Territory	1,431	1,772	1,415	1,738	0	2	16	32
Chechen Republic	28	98	28	94	0	0	1	4

⁴⁷ Including payments by customers of credit institutions (individuals and legal entities other than credit institutions) and credit institutions' own payments.

Russian federal district/territory	Total credit transfers		of which credit transfers were made using					
			payment orders		letters of credit		individuals documents	
	2009	2010	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7	8	9
Siberian Federal District	17,362	18,980	17,133	18,664	3	8	226	309
Altai Territory	1,576	2,005	1,552	1,975	0	0	25	30
Trans-Baikal Territory	300	310	290	298	0	0	10	12
Irkutsk Region	2,212	2,228	2,177	2,182	1	2	34	44
Kemerovo Region	1,867	2,375	1,840	2,339	0	1	27	36
Krasnoyarsk Territory	2,057	2,402	2,017	2,356	1	2	38	44
Novosibirsk Region	6,121	5,821	6,066	5,739	0	2	55	80
Omsk Region	1,804	2,236	1,790	2,210	0	1	13	25
Republic of Altai	56	60	54	58	0	0	2	2
Republic of Buryatia	319	405	312	393	0	0	8	11
Republic of Tyva	42	38	41	36	0	0	2	2
Republic of Khakassia	172	249	166	241	0	0	6	8
Tomsk Region	836	851	829	837	0	0	7	14
Urals Federal District	18,493	20,389	18,250	19,738	10	345	233	306
Kurgan Region	268	297	261	288	0	0	7	9
Sverdlovsk Region	6,944	7,927	6,857	7,818	0	2	87	107
Tyumen Region	7,573	7,975	7,464	7,516	9	341	100	117
Chelyabinsk Region	3,708	4,190	3,668	4,117	1	2	39	72
Central Federal District	320,605	236,922	319,393	235,179	132	183	1,081	1,560
Belgorod Region	1,612	1,496	1,598	1,476	1	1	14	19
Bryansk Region	556	519	548	509	0	0	8	9
Vladimir Region	2,448	878	2,439	864	0	0	9	13
Voronezh Region	1,991	1,932	1,965	1,895	2	1	24	36
Ivanovo Region	438	492	429	482	0	0	8	10
Kaluga Region	596	619	584	602	0	0	11	17
Kostroma Region	295	368	288	358	0	0	7	10
Kursk Region	815	818	805	806	0	0	9	11
Lipetsk Region	895	1,003	884	989	0	0	10	15
Moscow and Moscow Region	306,431	224,025	305,399	222,520	126	178	905	1,327
Orel Region	308	362	303	355	0	0	5	7
Ryazan Region	551	568	541	556	0	1	10	12
Smolensk Region	488	548	478	535	0	0	9	13
Tambov Region	305	314	298	305	0	0	7	10
Tver Region	655	693	642	677	1	0	12	16
Tula Region	1,044	1,021	1,029	1,005	0	0	15	16
Yaroslavl Region	1,178	1,264	1,162	1,244	0	0	15	20
Southern Federal District	10,438	10,387	10,243	10,167	6	4	189	215
Astrakhan Region	338	370	326	355	0	0	12	15
Volgograd Region	1,750	1,785	1,714	1,746	0	1	36	38
Krasnodar Territory	3,856	4,528	3,772	4,433	1	2	83	93
Republic of Adygea (Adygea)	59	72	57	70	0	0	2	2
Republic of Kalmykia	35	39	35	38	0	0	1	1
Rostov Region	4,399	3,592	4,340	3,525	4	1	55	66
Russia total	431,016	360,143	428,234	356,084	174	586	2,608	3,472

Table 3. Direct debits⁴⁸ (in rubles and foreign currency): by volume

thousands

Russian federal district/territory	Total direct debits		of which direct debits were made using			
			payment claims		collection orders	
	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7
Far Eastern Federal District	3,105	2,526	2,296	1,721	808	806
Amur Region	175	163	133	116	42	47
Jewish Autonomous Region	69	51	61	44	8	8
Kamchatka Territory	97	123	71	97	25	26
Magadan Region	95	117	83	99	12	18
Primorye Territory	974	828	811	651	163	177
Republic of Sakha (Yakutia)	255	291	209	229	46	62
Sakhalin Region	65	73	14	13	50	61
Khabarovsk Territory	1,373	878	913	472	460	406
Chukotka Autonomous Area	2	1	1	1	2	0
Volga Federal District	13,503	12,838	10,042	8,543	3,461	4,295
Kirov Region	494	505	265	270	229	235
Nizhny Novgorod Region	890	1,152	684	809	206	343
Orenburg Region	747	524	436	313	311	211
Penza Region	642	635	562	551	80	83
Perm Territory	1,425	1,265	1,065	890	360	376
Republic of Bashkortostan	1,251	1,733	940	1,409	310	324
Republic of Mari El	311	311	284	273	28	39
Republic of Mordovia	88	311	60	275	28	35
Republic of Tatarstan (Tatarstan)	1,032	896	715	541	317	355
Samara Region	3,151	3,028	2,041	1,360	1,110	1,668
Saratov Region	507	616	380	445	127	172
Udmurtian Republic	2,069	1,189	1,822	881	247	308
Ulyanovsk Region	570	381	506	297	64	84
Chuvash Republic – Chuvashia	328	291	283	230	45	62
Northwestern Federal District	19,177	10,957	17,476	8,717	1,701	2,239
Arkhangelsk Region	690	1,200	592	1,073	98	127
Vologda Region	1,619	1,175	1,376	911	243	263
Kaliningrad Region	1,391	594	1,322	503	70	91
Leningrad Region	1,537	410	1,492	373	45	38
Murmansk Region	1,050	357	985	276	66	81
Novgorod Region	955	172	889	113	66	59
Pskov Region	1,068	206	987	126	81	80
Republic of Karelia	982	271	919	201	62	70
Komi Republic	482	498	409	414	72	84
St. Petersburg	9,404	6,074	8,505	4,728	900	1,346
North Caucasus Federal District	1,003	1,042	825	794	178	247
Kabardino-Balkarian Republic	66	74	45	51	21	24
Karachayevo-Circassian Republic	47	34	36	16	11	18
Republic of Daghestan	96	102	61	79	35	23
Republic of Ingushetia	19	9	13	5	6	4
Republic of North Ossetia – Alania	31	31	22	15	9	16
Stavropol Territory	742	787	647	627	94	160
Chechen Republic	2	5	1	2	1	2

⁴⁸ Including payments by customers of credit institutions (individuals and legal entities other than credit institutions) and credit institutions' own payments.

Russian federal district/territory	Total direct debits		of which direct debits were made using			
			payment claims		collection orders	
	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7
Siberian Federal District	10,827	12,151	7,102	8,653	3,725	3,498
Altai Territory	624	571	349	446	274	125
Trans-Baikal Territory	340	248	214	213	126	35
Irkutsk Region	1,019	719	708	467	311	252
Kemerovo Region	736	1,684	469	1,363	267	322
Krasnoyarsk Territory	2,185	2,171	1,836	1,885	349	286
Novosibirsk Region	2,488	2,669	1,053	1,065	1,436	1,604
Omsk Region	2,039	2,448	1,886	2,285	153	163
Republic of Altai	32	53	24	44	8	9
Republic of Buryatia	205	293	131	213	74	79
Republic of Tyva	518	407	10	6	507	401
Republic of Khakassia	304	217	223	161	81	56
Tomsk Region	336	669	198	504	138	165
Urals Federal District	11,486	11,293	9,546	8,013	1,939	3,280
Kurgan Region	169	101	139	65	30	36
Sverdlovsk Region	4,121	5,909	3,243	3,923	878	1,986
Tyumen Region	3,638	3,191	2,917	2,414	722	776
Chelyabinsk Region	3,557	2,092	3,247	1,610	310	482
Central Federal District	61,300	68,197	18,073	24,717	43,227	43,480
Belgorod Region	765	663	600	549	165	114
Bryansk Region	202	207	143	145	60	62
Vladimir Region	433	493	319	383	113	110
Voronezh Region	1,276	1,281	654	540	622	741
Ivanovo Region	285	202	175	76	111	126
Kaluga Region	650	619	610	567	40	52
Kostroma Region	770	488	732	434	38	54
Kursk Region	876	1,288	821	1,238	55	51
Lipetsk Region	404	522	359	460	46	63
Moscow and Moscow Region	52,096	59,951	10,753	18,441	41,344	41,510
Orel Region	403	118	369	82	34	37
Ryazan Region	315	371	202	258	114	113
Smolensk Region	471	278	407	219	64	60
Tambov Region	236	168	128	84	108	85
Tver Region	640	421	584	356	56	65
Tula Region	652	507	510	408	142	98
Yaroslavl Region	826	619	708	479	117	140
Southern Federal District	16,536	18,265	14,573	16,274	1,963	1,991
Astrakhan Region	525	494	295	255	229	239
Volgograd Region	966	876	634	604	333	272
Krasnodar Territory	7,823	10,426	6,895	9,431	929	995
Republic of Adygea (Adygea)	344	345	332	324	12	20
Republic of Kalmykia	24	26	15	20	9	6
Rostov Region	6,855	6,098	6,403	5,639	452	459
Russia total	136,937	137,269	79,934	77,432	57,003	59,837

Table 4. Direct debits⁴⁹ (in rubles and foreign currency): by value

billion rubles

Russian federal district/territory	Total direct debits		of which direct debits were made using			
			payment claims		collection orders	
	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7
Far Eastern Federal District	52	46	35	23	16	23
Amur Region	4	9	3	4	1	5
Jewish Autonomous Region	0	0	0	0	0	0
Kamchatka Territory	1	2	0	1	1	1
Magadan Region	1	1	0	0	0	0
Primorye Territory	9	7	7	6	2	1
Republic of Sakha (Yakutia)	3	4	2	2	1	2
Sakhalin Region	8	8	1	0	8	8
Khabarovsk Territory	25	14	21	9	3	5
Chukotka Autonomous Area	0	0	0	0	0	0
Volga Federal District	217	219	174	174	43	45
Kirov Region	8	9	6	8	1	1
Nizhny Novgorod Region	17	54	15	51	2	3
Orenburg Region	4	7	3	4	1	2
Penza Region	2	2	1	1	1	1
Perm Territory	58	36	55	33	3	3
Republic of Bashkortostan	9	25	6	22	4	4
Republic of Mari El	1	3	1	2	0	0
Republic of Mordovia	4	3	3	2	1	1
Republic of Tatarstan (Tatarstan)	42	20	35	11	7	9
Samara Region	41	33	27	17	14	16
Saratov Region	6	4	4	2	3	2
Udmurtian Republic	15	15	10	13	5	2
Ulyanovsk Region	2	3	1	2	1	1
Chuvash Republic – Chuvashia	8	6	7	6	1	1
Northwestern Federal District	132	112	112	89	19	22
Arkhangelsk Region	16	15	14	12	1	3
Vologda Region	26	15	23	12	3	3
Kaliningrad Region	4	5	3	4	1	1
Leningrad Region	5	5	4	5	1	1
Murmansk Region	3	2	2	1	1	1
Novgorod Region	3	2	2	1	1	1
Pskov Region	2	2	1	2	1	0
Republic of Karelia	2	2	2	2	1	1
Komi Republic	7	9	5	7	2	1
St. Petersburg	63	54	54	43	9	10
North Caucasus Federal District	20	22	14	17	7	5
Kabardino-Balkarian Republic	1	2	1	2	0	0
Karachayevo-Circassian Republic	1	1	1	0	0	0
Republic of Daghestan	3	3	0	2	3	1
Republic of Ingushetia	3	2	0	0	2	2
Republic of North Ossetia – Alania	3	5	3	5	0	0
Stavropol Territory	8	8	7	7	1	1
Chechen Republic	0	1	0	1	0	0

⁴⁹ Including payments by customers of credit institutions (individuals and legal entities other than credit institutions) and credit institutions' own payments.

Russian federal district/territory	Total direct debits		of which direct debits were made using			
			payment claims		collection orders	
	2009	2010	2009	2010	2009	2010
1	2	3	4	5	6	7
Siberian Federal District	285	289	255	236	30	54
Altai Territory	33	32	27	27	6	5
Trans-Baikal Territory	4	1	4	1	1	0
Irkutsk Region	9	8	7	6	2	3
Kemerovo Region	13	29	10	25	3	4
Krasnoyarsk Territory	49	61	43	57	6	4
Novosibirsk Region	62	58	56	24	6	33
Omsk Region	92	79	90	77	2	1
Republic of Altai	1	1	1	1	0	0
Republic of Buryatia	4	5	2	4	2	1
Republic of Tyva	1	1	0	0	1	1
Republic of Khakassia	4	4	3	3	0	0
Tomsk Region	12	11	11	9	1	2
Urals Federal District	326	216	301	191	25	26
Kurgan Region	3	3	3	3	0	0
Sverdlovsk Region	128	82	119	71	9	12
Tyumen Region	153	102	141	93	12	9
Chelyabinsk Region	42	29	38	24	4	5
Central Federal District	1,298	606	760	516	538	90
Belgorod Region	4	5	3	4	1	1
Bryansk Region	2	2	2	1	0	1
Vladimir Region	46	12	44	11	2	1
Voronezh Region	15	8	13	6	2	3
Ivanovo Region	3	3	2	1	1	2
Kaluga Region	3	2	3	1	0	1
Kostroma Region	6	2	5	1	0	1
Kursk Region	6	2	5	1	1	1
Lipetsk Region	14	10	12	8	2	1
Moscow and Moscow Region	1,120	485	601	411	519	74
Orel Region	2	3	1	3	0	0
Ryazan Region	4	2	4	1	1	1
Smolensk Region	2	1	1	1	1	1
Tambov Region	2	2	1	1	1	1
Tver Region	6	3	5	2	1	1
Tula Region	43	63	42	62	1	1
Yaroslavl Region	20	4	16	3	5	1
Southern Federal District	215	59	199	44	16	15
Astrakhan Region	2	1	1	0	1	1
Volgograd Region	13	9	11	7	2	2
Krasnodar Territory	106	28	96	19	10	9
Republic of Adygea (Adygea)	2	1	2	1	0	0
Republic of Kalmykia	1	1	1	1	0	0
Rostov Region	92	19	89	16	3	4
Russia total	2,545	1,569	1,849	1,289	696	279

Table 5. Bank cards: by number

thousands

Russian federal district/territory	Number of bank cards issued in federal district/territory ⁵⁰	
	1.01.10	1.01.11
1	2	3
Far Eastern Federal District	4,867	5,448
Amur Region	627	776
Jewish Autonomous Region	120	117
Kamchatka Territory	252	280
Magadan Region	91	114
Primorye Territory	1,523	1,671
Republic of Sakha (Yakutia)	542	656
Sakhalin Region	343	388
Khabarovsk Territory	1,343	1,415
Chukotka Autonomous Area	26	32
Volga Federal District	23,145	25,523
Kirov Region	739	887
Nizhny Novgorod Region	2,780	2,966
Orenburg Region	1,495	1,648
Penza Region	645	773
Perm Territory	2,159	2,261
Republic of Bashkortostan	3,683	4,115
Republic of Mari El	268	333
Republic of Mordovia	437	486
Republic of Tatarstan (Tatarstan)	3,847	4,054
Samara Region	2,649	2,919
Saratov Region	1,518	1,685
Udmurtian Republic	1,315	1,479
Ulyanovsk Region	897	1,018
Chuvash Republic – Chuvashia	712	898
Northwestern Federal District	14,288	15,187
Arkhangelsk Region	867	1,000
Vologda Region	893	928
Kaliningrad Region	780	880
Leningrad Region	637	722
Murmansk Region	950	1,064
Novgorod Region	500	590
Pskov Region	401	441
Republic of Karelia	602	667
Komi Republic	703	825
St. Petersburg	7,955	8,070
North Caucasus Federal District	2,194	2,711
Kabardino-Balkarian Republic	230	300
Karachayevo-Circassian Republic	73	111
Republic of Daghestan	234	350
Republic of Ingushetia	38	60
Republic of North Ossetia – Alania	160	210
Stavropol Territory	1,410	1,573
Chechen Republic	50	106

⁵⁰ Including bank cards issued for residents of this federal district/territory by credit institutions and branches of credit institutions located in this or other federal district/territory.

Russian federal district/territory	Number of bank cards issued in federal district/territory ⁵⁰	
	1.01.10	1.01.11
	2	3
1	2	3
Siberian Federal District	15,878	17,103
Altai Territory	1,469	1,647
Trans-Baikal Territory	450	547
Irkutsk Region	1,847	2,085
Kemerovo Region	2,786	2,784
Krasnoyarsk Territory	2,354	2,643
Novosibirsk Region	3,023	3,029
Omsk Region	1,706	1,881
Republic of Altai	84	106
Republic of Buryatia	796	889
Republic of Tyva	107	161
Republic of Khakassia	348	373
Tomsk Region	907	960
Urals Federal District	13,102	13,762
Kurgan Region	502	536
Sverdlovsk Region	4,633	4,766
Tyumen Region	4,155	4,452
Chelyabinsk Region	3,811	4,008
Central Federal District	43,797	54,530
Belgorod Region	1,250	1,265
Bryansk Region	871	945
Vladimir Region	835	977
Voronezh Region	1,352	1,495
Ivanovo Region	669	777
Kaluga Region	532	630
Kostroma Region	377	402
Kursk Region	883	949
Lipetsk Region	738	802
Moscow and Moscow Region	30,940	40,560
Orel Region	439	509
Ryazan Region	681	758
Smolensk Region	614	659
Tambov Region	433	494
Tver Region	770	865
Tula Region	1,318	1,340
Yaroslavl Region	1,097	1,103
Southern Federal District	8,763	10,154
Astrakhan Region	928	1,089
Volgograd Region	1,707	1,923
Krasnodar Territory	3,514	4,263
Republic of Adygea (Adygea)	142	145
Republic of Kalmykia	110	143
Rostov Region	2,361	2,592
Russia total	126,033	144,419

Table 6. Payments by bank cards issued in federal district/territory: by volume

thousands

Russian federal district/territory	Payments for goods (work, services)				Customs payments and other transactions	
	in Russia		abroad		2009	2010
	2009	2010	2009	2010		
1	2	3	4	5	6	7
Far Eastern Federal District	25,097	37,470	1,049	1,747	509	1,647
Amur Region	3,012	4,752	42	57	64	161
Jewish Autonomous Region	617	813	5	10	10	26
Kamchatka Territory	1,847	2,533	43	77	35	106
Magadan Region	440	806	29	47	29	60
Primorye Territory	3,507	6,159	433	752	201	644
Republic of Sakha (Yakutia)	6,789	8,242	53	92	25	109
Sakhalin Region	918	2,010	147	224	45	169
Khabarovsk Territory	7,718	11,880	290	479	96	352
Chukotka Autonomous Area	249	275	6	9	5	19
Volga Federal District	119,374	173,144	2,335	3,953	2,247	4,319
Kirov Region	3,842	6,368	37	80	62	237
Nizhny Novgorod Region	12,912	17,588	366	614	129	461
Orenburg Region	6,479	8,815	69	128	212	305
Penza Region	1,659	2,876	29	61	103	189
Perm Territory	18,417	29,223	342	611	448	585
Republic of Bashkortostan	14,894	22,812	264	469	72	318
Republic of Mari El	580	1,423	14	32	16	90
Republic of Mordovia	1,118	1,824	13	18	14	42
Republic of Tatarstan (Tatarstan)	14,604	20,602	369	629	81	262
Samara Region	14,811	19,950	394	576	389	637
Saratov Region	6,299	9,881	130	225	268	434
Udmurtian Republic	17,004	21,800	232	345	195	324
Ulyanovsk Region	4,846	6,760	42	97	223	271
Chuvash Republic – Chuvashia	1,909	3,220	32	70	34	164
Northwestern Federal District	115,602	178,283	6,080	9,381	1,245	2,898
Arkhangelsk Region	5,086	8,968	205	266	164	519
Vologda Region	5,353	7,897	289	134	102	281
Kaliningrad Region	3,467	5,582	402	676	47	138
Leningrad Region	1,988	3,661	100	198	102	236
Murmansk Region	13,068	18,492	383	645	69	139
Novgorod Region	2,306	3,471	49	81	65	143
Pskov Region	2,464	3,295	58	132	81	161
Republic of Karelia	4,550	6,536	189	314	105	220
Komi Republic	4,103	7,015	145	141	120	225
St. Petersburg	73,216	113,366	4,260	6,795	390	836
North Caucasus Federal District	6,739	11,068	151	288	449	815
Kabardino-Balkarian Republic	568	846	10	20	19	46
Karachayevo-Circassian Republic	309	493	5	9	18	42
Republic of Daghestan	556	861	24	47	20	48
Republic of Ingushetia	67	105	1	3	2	11
Republic of North Ossetia – Alania	348	552	13	27	11	35
Stavropol Territory	4,823	8,040	96	177	379	631
Chechen Republic	69	170	1	5	0	4

Russian federal district/territory	Payments for goods (work, services)				Customs payments and other transactions	
	in Russia		abroad		2009	2010
	2009	2010	2009	2010		
1	2	3	4	5	6	7
Siberian Federal District	83,747	120,925	1,979	3,514	2,011	4,548
Altai Territory	10,601	15,259	120	225	208	486
Trans-Baikal Territory	3,540	5,128	18	35	26	108
Irkutsk Region	10,517	16,484	285	458	188	622
Kemerovo Region	12,832	19,449	161	303	220	322
Krasnoyarsk Territory	9,461	13,818	479	839	294	685
Novosibirsk Region	14,852	18,281	527	1,000	172	267
Omsk Region	6,737	9,836	203	339	119	223
Republic of Altai	463	746	2	4	32	68
Republic of Buryatia	7,661	10,753	23	41	82	169
Republic of Tyva	400	726	3	5	75	136
Republic of Khakassia	1,613	1,968	7	18	39	93
Tomsk Region	5,071	8,476	152	248	557	1,370
Urals Federal District	77,250	118,384	1,873	3,350	1,108	3,108
Kurgan Region	2,294	3,837	33	65	24	108
Sverdlovsk Region	25,295	40,349	778	1,375	177	919
Tyumen Region	36,426	55,361	711	1,274	779	1,585
Chelyabinsk Region	13,235	18,837	352	637	127	496
Central Federal District	206,955	303,102	18,989	30,256	16,018	28,462
Belgorod Region	5,286	7,725	82	146	189	267
Bryansk Region	3,389	5,139	40	76	62	200
Vladimir Region	4,273	6,009	50	100	29	112
Voronezh Region	5,297	9,505	172	308	147	307
Ivanovo Region	1,168	1,958	36	59	44	101
Kaluga Region	1,776	2,739	70	112	39	101
Kostroma Region	1,084	1,798	20	38	25	82
Kursk Region	5,130	8,361	49	61	62	170
Lipetsk Region	4,844	7,042	85	139	60	108
Moscow and Moscow Region	152,642	220,532	17,927	28,422	15,009	26,133
Orel Region	1,699	3,214	34	52	21	61
Ryazan Region	2,261	3,152	45	84	36	110
Smolensk Region	1,930	2,871	69	151	57	155
Tambov Region	1,067	1,894	21	41	45	104
Tver Region	3,064	4,722	63	124	53	143
Tula Region	4,232	6,420	72	137	38	99
Yaroslavl Region	7,813	10,021	155	205	102	207
Southern Federal District	31,922	49,343	1,049	1,841	1,166	1,530
Astrakhan Region	2,786	4,907	34	61	122	204
Volgograd Region	7,529	12,039	178	317	231	363
Krasnodar Territory	12,374	17,986	464	809	437	479
Republic of Adygea (Adygea)	282	364	3	7	17	18
Republic of Kalmykia	136	338	4	10	22	70
Rostov Region	8,815	13,709	365	637	338	395
Russia total	666,687	991,718	33,506	54,332	24,753	47,326

Table 7. Payments by bank cards issued in federal district/territory: by value

million rubles

Russian federal district/territory	Payments for goods (work, services)				Customs payments and other transactions	
	in Russia		abroad		2009	2010
	2009	2010	2009	2010		
1	2	3	4	5	6	7
Far Eastern Federal District	21,963	39,498	5,682	8,939	6,573	24,345
Amur Region	2,115	3,356	200	318	550	1,590
Jewish Autonomous Region	276	473	37	49	96	227
Kamchatka Territory	1,760	2,909	256	461	498	1,583
Magadan Region	872	1,504	113	208	329	900
Primorye Territory	4,383	8,804	2,617	4,195	2,778	11,590
Republic of Sakha (Yakutia)	3,480	4,871	242	402	323	1,321
Sakhalin Region	2,101	4,154	811	1,188	559	1,960
Khabarovsk Territory	6,582	12,987	1,377	2,082	1,340	4,793
Chukotka Autonomous Area	392	441	29	37	101	380
Volga Federal District	66,353	111,533	10,747	16,466	16,538	31,412
Kirov Region	1,707	2,987	160	330	636	1,695
Nizhny Novgorod Region	9,915	14,565	1,572	2,432	1,718	4,163
Orenburg Region	2,548	4,340	443	682	933	1,583
Penza Region	992	1,912	159	328	434	889
Perm Territory	11,707	22,771	1,448	2,177	4,875	7,631
Republic of Bashkortostan	8,102	14,097	1,184	1,845	543	1,808
Republic of Mari El	411	724	62	115	186	423
Republic of Mordovia	334	541	51	78	134	357
Republic of Tatarstan (Tatarstan)	8,249	14,041	1,717	2,654	672	2,277
Samara Region	9,125	13,682	2,241	3,240	2,847	4,447
Saratov Region	4,191	6,421	739	1,126	1,398	2,394
Udmurtian Republic	6,118	10,565	567	808	856	1,425
Ulyanovsk Region	1,650	2,677	221	370	1,012	1,459
Chuvash Republic – Chuvashia	1,303	2,212	183	281	293	862
Northwestern Federal District	112,395	172,795	25,278	35,960	37,444	54,594
Arkhangelsk Region	4,428	8,226	543	785	2,650	4,226
Vologda Region	3,446	5,732	499	524	887	2,145
Kaliningrad Region	3,256	5,391	1,286	1,994	263	761
Leningrad Region	2,345	4,221	381	646	741	1,663
Murmansk Region	15,385	23,793	1,006	1,611	809	1,667
Novgorod Region	1,846	3,255	190	285	385	814
Pskov Region	1,233	2,200	171	346	438	916
Republic of Karelia	3,512	6,018	463	768	863	1,792
Komi Republic	3,282	7,021	417	502	821	1,611
St. Petersburg	73,662	106,937	20,321	28,499	29,587	38,999
North Caucasus Federal District	4,452	7,505	2,483	2,952	2,589	6,090
Kabardino-Balkarian Republic	244	445	124	227	109	362
Karachayev-Circassian Republic	111	189	53	93	110	312
Republic of Daghestan	447	803	1,219	872	217	1,033
Republic of Ingushetia	28	51	43	61	22	147
Republic of North Ossetia – Alania	236	401	124	192	87	276
Stavropol Territory	3,361	5,536	860	1,327	2,045	3,903
Chechen Republic	26	80	61	181	0	58

Russian federal district/territory	Payments for goods (work, services)				Customs payments and other transactions	
	in Russia		abroad		2009	2010
	2009	2010	2009	2010		
1	2	3	4	5	6	7
Siberian Federal District	56,765	97,113	8,097	13,179	12,801	35,596
Altai Territory	5,601	9,101	456	767	1,142	5,109
Trans-Baikal Territory	1,880	3,184	114	208	248	1,426
Irkutsk Region	9,776	16,572	1,092	1,806	2,255	8,715
Kemerovo Region	7,248	13,038	911	1,482	1,488	2,331
Krasnoyarsk Territory	7,280	12,724	1,584	2,719	2,300	5,941
Novosibirsk Region	11,393	19,164	2,344	3,681	1,298	3,192
Omsk Region	3,948	6,878	890	1,327	613	1,631
Republic of Altai	195	442	8	19	142	350
Republic of Buryatia	4,022	6,503	93	191	697	1,531
Republic of Tyva	166	315	11	23	294	725
Republic of Khakassia	529	847	53	115	248	620
Tomsk Region	4,727	8,343	542	841	2,076	4,026
Urals Federal District	69,166	112,884	8,679	14,109	13,360	38,157
Kurgan Region	1,476	2,756	129	239	136	610
Sverdlovsk Region	23,960	39,817	3,665	5,990	2,716	16,018
Tyumen Region	33,176	53,331	3,144	5,078	9,555	18,277
Chelyabinsk Region	10,553	16,980	1,741	2,803	953	3,252
Central Federal District	338,016	502,273	125,177	171,804	304,543	385,354
Belgorod Region	3,349	6,286	422	699	874	1,493
Bryansk Region	2,071	3,424	167	322	481	2,118
Vladimir Region	2,200	3,490	260	455	285	948
Voronezh Region	4,997	9,418	876	1,277	939	2,611
Ivanovo Region	1,177	1,959	158	269	275	618
Kaluga Region	1,649	2,802	320	486	266	816
Kostroma Region	736	1,154	104	176	183	544
Kursk Region	2,459	4,424	165	274	309	1,076
Lipetsk Region	2,630	4,679	336	530	303	640
Moscow and Moscow Region	300,681	437,021	120,433	164,146	296,651	366,350
Orel Region	902	1,897	96	182	121	397
Ryazan Region	2,219	3,847	289	451	287	785
Smolensk Region	2,720	3,501	231	429	504	1,272
Tambov Region	809	1,620	117	195	219	598
Tver Region	2,506	4,454	298	502	625	1,449
Tula Region	2,920	4,561	377	618	334	789
Yaroslavl Region	3,991	7,737	528	791	1,886	2,850
Southern Federal District	25,741	42,383	6,373	10,001	9,248	13,142
Astrakhan Region	2,284	3,377	215	320	678	1,168
Volgograd Region	4,849	7,115	873	1,368	3,650	2,725
Krasnodar Territory	10,524	17,275	3,068	5,047	2,482	5,275
Republic of Adygea (Adygea)	206	353	18	30	80	147
Republic of Kalmykia	106	365	21	30	104	406
Rostov Region	7,772	13,899	2,178	3,207	2,255	3,421
Russia total	694,850	1,085,984	192,516	273,410	403,098	588,691

Table 8. Bank card accepting devices by federal district/territory: by number

Russian federal district/territory	Number of ATMs						Number of POS terminals						Number of imprints						
	ATMs with a cash withdrawal function			ATMs with a payment function			In points of sale		In cash points		In points of sale		In cash points		In points of sale		In cash points		
	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Far Eastern Federal District	3,184	3,665	3,009	3,426	13,332	16,643	4,260	5,153	148	142	345	279							
Amur Region	393	425	371	403	1,379	1,893	639	656	3	3	36	49							
Jewish Autonomous Region	85	98	83	96	246	235	81	149	0	0	9	8							
Kamchatka Territory	209	243	180	209	729	1,003	288	351	4	19	19	17							
Magadan Region	79	95	70	86	402	528	158	172	3	3	3	3							
Primorye Territory	942	1,173	885	1,070	3,099	4,134	1,411	1,767	59	52	136	87							
Republic of Sakha (Yakutia)	358	419	333	402	2,506	2,893	475	468	10	9	4	3							
Sakhalin Region	229	290	215	270	1,213	1,664	216	382	41	25	46	41							
Khabarovsk Territory	870	903	853	871	3,618	4,235	953	1,169	27	30	92	71							
Chukotka Autonomous Area	19	19	19	19	140	58	39	39	1	1	0	0							
Volga Federal District	16,337	18,844	15,308	17,273	53,279	68,502	15,291	19,211	1,758	1,317	917	900							
Kirov Region	518	641	514	639	1,889	2,586	640	919	9	7	7	7							
Nizhny Novgorod Region	2,123	2,423	1,891	2,286	7,028	8,249	2,353	2,269	274	203	226	183							
Orenburg Region	893	1,114	885	1,048	2,456	3,659	910	1,241	126	124	30	28							
Penza Region	433	664	393	620	1,089	1,343	757	1,000	60	57	11	9							
Perm Territory	1,615	1,802	1,565	1,032	6,572	8,305	1,722	1,787	107	127	97	109							
Republic of Bashkortostan	2,164	2,524	2,056	2,442	8,503	10,686	1,741	2,349	74	56	13	15							
Republic of Mari El	203	238	196	237	548	619	244	271	8	7	1	4							
Republic of Mordovia	345	429	343	426	495	727	283	417	1	0	0	0							
Republic of Tatarstan (Tatarstan)	2,580	2,979	2,354	2,727	8,343	10,836	1,523	2,678	429	272	218	257							
Samara Region	2,465	2,560	2,263	2,451	6,139	7,548	1,614	2,185	444	359	83	76							
Saratov Region	1,013	1,172	929	1,079	2,864	3,591	1,133	1,469	140	36	121	115							
Udmurtian Republic	872	957	820	953	4,569	6,607	1,165	1,268	26	19	73	61							
Ulyanovsk Region	552	665	546	663	1,661	2,001	734	809	26	25	8	6							
Chuvash Republic – Chuvashia	561	676	553	670	1,123	1,745	472	549	34	25	29	30							

Russian federal district/territory	Number of ATMs						Number of POS terminals						Number of imprints					
	ATMs with a cash withdrawal function			ATMs with a payment function			In points of sale		In cash points		In points of sale		In cash points		In points of sale		In cash points	
	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11
1	2	3	4	5	6	7	8	9	10	11	12	13						
Northwestern Federal District	10,177	11,486	9,579	10,881	46,436	58,568	8,308	9,723	4,113	2,765	532	546						
Arkhangelsk Region	671	828	645	815	2,696	3,647	808	853	27	16	60	74						
Vologda Region	647	765	637	755	3,110	3,191	791	710	10	9	65	65						
Kaliningrad Region	640	908	617	867	3,201	3,891	484	722	40	38	12	49						
Leningrad Region	626	720	607	709	1,368	1,390	767	454	122	66	11	10						
Murmansk Region	743	920	721	874	3,404	4,133	445	842	34	28	14	6						
Novgorod Region	419	464	412	459	3,499	4,309	533	630	48	46	0	0						
Pskov Region	306	345	300	340	735	791	338	514	15	13	106	97						
Republic of Karelia	379	412	374	409	1,087	1,467	436	601	6	3	70	70						
Komi Republic	573	618	559	607	2,278	3,169	715	987	19	21	14	18						
St. Petersburg	5,173	5,506	4,707	5,046	25,058	32,580	2,991	3,410	3,792	2,525	180	157						
North Caucasus Federal District	1,842	2,460	1,804	2,339	3,422	4,505	1,800	2,488	35	25	16	80						
Kabardino-Balkarian Republic	174	212	138	199	168	245	258	244	5	4	3	3						
Karachayev-Republic	80	116	80	116	65	111	70	77	2	0	0	0						
Republic of Dagestan	210	266	210	241	175	222	147	164	4	4	1	2						
Republic of Ingushetia	40	49	40	49	3	6	23	32	1	1	0	0						
Republic of North Ossetia – Alania	132	360	130	283	170	325	114	420	2	1	2	65						
Stavropol Territory	1,103	1,351	1,103	1,345	2,836	3,593	1,181	1,535	21	15	9	9						
Chechen Republic	103	106	103	106	5	3	7	16	0	0	1	1						
Siberian Federal District	11,165	13,208	10,427	11,828	40,242	52,316	10,571	12,222	896	567	423	301						
Altai Territory	1,297	1,546	1,239	1,428	4,059	5,827	1,281	1,441	61	58	92	92						
Trans-Baikal Territory	299	360	287	338	1,154	1,696	514	617	2	2	0	0						
Irkutsk Region	1,405	1,573	1,264	1,304	5,419	8,206	1,540	1,626	55	61	6	4						
Kemerovo Region	1,777	1,967	1,656	1,765	5,089	5,980	1,456	1,656	17	16	28	26						
Krasnoyarsk Territory	1,636	1,876	1,493	1,740	6,256	7,530	1,477	1,812	108	44	157	75						
Novosibirsk Region	1,912	2,521	1,801	2,171	5,792	8,064	1,537	1,657	343	319	51	57						
Omsk Region	1,167	1,314	1,095	1,276	5,400	6,391	1,233	1,387	270	33	26	23						
Republic of Altai	73	85	72	84	146	182	106	127	0	0	1	0						
Republic of Buryatia	477	602	453	573	2,917	3,704	413	525	10	10	6	6						
Republic of Tyva	68	88	63	87	94	126	60	109	1	1	1	2						
Republic of Khakassia	251	313	224	276	738	669	248	441	4	2	32	0						
Tomsk Region	803	963	780	786	3,178	3,941	706	824	25	21	23	16						

Russian federal district/territory	Number of ATMs						Number of POS terminals						Number of imprints					
	ATMs with a cash withdrawal function			ATMs with a payment function			In points of sale			In cash points			In points of sale			In cash points		
	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11	1.01.10	1.01.11
1	2	3	4	5	6	7	8	9	10	11	12	13						
Urals Federal District	9,125	10,123	8,780	9,835	40,283	51,385	7,051	8,321	1,457	1,170	436	417						
Kurgan Region	309	352	291	349	1,432	1,630	377	543	63	12	22	24						
Sverdlovsk Region	3,263	3,576	3,121	3,438	14,333	18,753	2,609	2,891	695	655	89	105						
Tyumen Region	3,422	3,810	3,296	3,719	15,692	20,135	2,297	2,553	179	164	208	219						
Chelyabinsk Region	2,131	2,385	2,072	2,329	8,826	10,867	1,768	2,334	520	339	117	69						
Central Federal District	25,530	29,213	24,011	27,514	136,781	157,107	22,707	30,414	43,473	32,192	1,701	1,514						
Belgorod Region	732	799	708	775	4,312	4,780	998	1,122	9	8	8	7						
Bryansk Region	614	681	609	672	2,044	1,934	370	389	16	6	38	38						
Vladimir Region	695	803	689	633	2,764	3,228	401	866	84	34	43	43						
Voronezh Region	1,134	1,226	1,070	1,202	6,693	7,085	1,143	1,649	148	150	22	16						
Ivanovo Region	414	491	402	476	1,349	1,628	543	592	47	53	60	11						
Kaluga Region	481	562	445	523	971	1,454	436	713	16	13	38	20						
Kostroma Region	247	270	217	256	934	1,038	398	333	70	69	27	28						
Kursk Region	646	707	645	705	3,182	3,763	727	622	5	7	1	1						
Lipetsk Region	477	600	471	589	3,190	3,830	648	811	10	10	2	3						
Moscow and Moscow Region	15,975	18,440	14,755	17,207	96,597	112,018	13,100	18,730	42,900	31,737	1,239	1,107						
Orel Region	345	386	343	379	2,062	2,102	456	441	6	5	2	2						
Ryazan Region	524	582	476	545	1,784	2,067	523	606	17	16	1	0						
Smolensk Region	448	543	445	529	1,640	2,029	421	527	21	19	79	78						
Tambov Region	237	279	236	277	1,346	1,497	644	630	8	7	1	1						
Tver Region	644	722	628	658	1,815	2,508	435	654	13	6	23	22						
Tula Region	967	1,037	943	1,016	2,905	3,229	679	750	8	3	21	19						
Yaroslavl Region	950	1,085	929	1,072	3,193	2,917	785	979	95	49	96	118						
Southern Federal District	7,138	8,088	6,587	7,637	20,616	25,492	5,901	7,113	903	208	233	258						
Astrakhan Region	540	610	496	566	1,729	2,298	598	605	10	6	8	7						
Volgograd Region	1,316	1,553	1,258	1,510	3,697	4,550	1,156	1,359	221	57	174	196						
Krasnodar Territory	2,972	3,495	2,694	3,242	8,570	10,284	2,162	2,586	304	74	30	33						
Republic of Adygea (Adygea)	70	98	70	96	406	394	159	184	22	15	0	0						
Republic of Kalmykia	67	88	56	76	112	158	64	91	2	1	0	0						
Rostov Region	2,173	2,244	2,013	2,147	6,102	7,808	1,762	2,288	344	55	21	22						
Russia total	84,498	97,087	79,505	90,733	354,391	434,518	75,899	94,645	52,783	38,386	4,603	4,295						